

JPRS-CEA-86-004

9 January 1986

China Report

ECONOMIC AFFAIRS



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

9 January 1986

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Prices Administration Head Sees Stable Prices (Li Wei; ZHONGGUO XINWEN SHE, 18 Nov 85)	1
JINGJI YANJIU on Enterprise Accounting Methods (Zhang Chunyin; JINGJI YANJIU, No 10, 20 Oct 85)	3
PRC Journal on Assessing Investment Benefits (Chen Qizhong, Zhu Jingyao; JINGJI YANJIU, No 10, 20 Oct 85)	10

PROVINCIAL AFFAIRS

Fujian Governor on Foreign Economic Relations (Shi Zhengping; FUJIAN RIBAO, 3 Dec 85)	17
Hubei Telephone Conference on Large-Scale Inspection (Hubei Provincial Service, 2 Dec 85)	19
10 Major Changes Seen in Tianjin's Urban Environment (ZHONGGUO XINWEN SHE, 11 Dec 85)	21
Hunan Adopts Measures for Developing Machine-Building Enterprises (Hunan Provincial Service, 5 Dec 85)	23
Jiangxi People's Congress Ends Session 8 December (Jiangxi Provincial Service, 8 Dec 85)	24
Briefs Shanghai Economic Law Meeting	25

ECONOMIC PLANNING

National Posts, Telecommunications Meeting Opens (XINHUA, 3 Dec 85)	26
State Council Transmits Industrial Survey Paper (XINHUA Domestic Service, 29 Nov 85)	27
Briefs More Individual Traders Needed	29

AGGREGATE ECONOMIC DATA

Briefs Tianjin Retail Sales	30
--------------------------------------	----

ECONOMIC MANAGEMENT

Yunnan Circular on Controlling Spending of Public Funds (Yunnan Provincial Service, 2 Dec 85)	31
Gansu Radio Commentary on Apportioning Expenses (Gansu Provincial Service, 3 Dec 85)	33
Liaoning Meeting Calls for Product Quality Control (Liaoning Provincial Service, 12 Dec 85)	34
934 Cases of Smuggling Cracked in Zhejiang (ZHONGGUO XINWEN SHE, 10 Dec 85)	35
Notarization Meeting of Rural Economic Contracts (XINHUA Domestic Service, 9 Dec 85)	36
Economic Commission Reports Inspection Results (XINHUA, 4 Dec 85)	37
FRG Director of Wuhan Plant on Efficiency (XINHUA, 7 Dec 85)	38
PRC State Economic Commission To Issue Circular on Rural Enterprises (Chen Guanfeng; CHINA DAILY, 11 Dec 85)	39
PRC Clamps Down on Illegal Businesses (Nie Lisheng; CHINA DAILY, 5 Dec 85)	41
Briefs Licenses To Be Revoked	43

INDUSTRY

Guangdong Expects Bumper Tourism Figures at Year End (Song Xihui; CHINA DAILY, 13 Dec 85)	44
Number Two Auto Plant Reforms Management, Raises Output (XINHUA, 17 Dec 85)	46
PRC Food Industry Develops at Rapid Pace (XINHUA, 16 Dec 85)	48
PRC Increases Recycling of Waste Materials (Chen Zhisong; CHINA DAILY, 17 Dec 85)	49
Aluminum Frame Plant Begins Operations (CHINA DAILY, 16 Dec 85)	50
China To Boost Building Materials Industry (XINHUA, 3 Dec 85)	51
Textile Industry Undergoes 'Transition Period' (XINHUA, 11 Dec 85)	53
PRC Lags Behind Target in Recycling Steel Scrap (CHINA DAILY, 5 Dec 85)	54
Petrochemical Official on Industry's Progress (XINHUA, 4 Dec 85)	56
Statistical Bureau Releases Light Industrial Figures (XINHUA, 10 Dec 85)	57
PRC To Step Up Pit Safety Improvement Drive (Hu Sigang; CHINA DAILY, 9 Dec 85)	58
42 Percent of Major Industrials Pass Targets (XINHUA, 10 Dec 85)	60
Briefs	
Jiangxi Kenaf Paper Making	61
Titanium Industry's Prospects Bright	61
Chemical Industry Expands	61
Iron, Steel Output Rises	61
Motor Assembly Line	62
Tianjin Industrial Purchasing	62
Cement Production	63

CONSTRUCTION

State Planning Commission Stresses Key Projects (XINHUA Domestic Service, 8 Dec 85)	64
--	----

Largest Detergent Material Plant in Operation (XINHUA, 16 Dec 85)	66
Urban Construction Develops in Planned Way (XINHUA, 16 Dec 85)	67
Meeting Urges Urban Construction Management (Wang Weizhong, Zhou Zhengping; XINHUA Domestic Service, 2 Dec 85)	68
More Housing To Be Built Under Next 5-Year Plan (XINHUA, 17 Dec 85)	70
PRC Engineering Corporation Earns Good Name Overseas (Chen Zhisong; CHINA DAILY, 5 Dec 85)	72
Briefs	
Shanghai's Rui Xingwen Inspects Districts	74
Rapid Development in Capital Construction	74
DOMESTIC TRADE	
Wuhan Strengthens Economic Links With Coastal Economies (Sun Yuchang, Xu Jiaxuan; RENMIN RIBAO, 28 Oct 85)	75
Northwest Increases Economic Contacts With Coastal Areas (Dang Zhou; RENMIN RIBAO, 24 Oct 85)	77
FOREIGN TRADE AND INVESTMENT	
Tianjin Succeeding in Assimilating Imported Technology (Shi Delian; RENMIN RIBAO, 25 Oct 85)	79
PRC-Hong Kong Trade Increases 33 Percent (XINHUA, 30 Nov 85)	81
Guangxi Increases Use of Foreign Funds, Technology (Xie Pongzhen; RENMIN RIBAO, 28 Oct 85)	82
More Contracts Signed During China-EC Week (XINHUA, 6 Dec 85)	84
New PRC International Leasing Corporation Makes Good Start (Xie Songxin; CHINA DAILY, 6 Dec 85)	85
PRC To Adopt More Laws on Foreign Business (XINHUA, 12 Dec 85)	86
PRC Hosts International Second-Hand Equipment Trade Talks (Xie Songxin; CHINA DAILY, 2 Dec 85)	87

Renewed Study of Foreign Investment Strategy (CHINA DAILY, 12 Dec 85)	88
Theoretical Basis for Evaluating Open Door Results (Ye Xiangping; FUJIAN LUNTAN, No 10, 5 Oct 85)	91
Tianjin Expands Investment Abroad, in Hong Kong (XINHUA, 12 Dec 85)	96
Briefs	
Overseas Construction Services Expanded	97
Xizang Prepares Trade Mission	97
Japanese Trade Mission	97
SPECIAL ECONOMIC ZONES	
Xiamen SEZ's Balance of Payments, Other Problems Discussed (Wang Jiang; FUJIAN LUNTAN, No 10, 5 Oct 85)	98
TRANSPORTATION	
Guangdong's In-Service Highways Rank Second in PRC (ZHONGGUO XINWEN SHE, 1 Dec 85)	103
Guangdong To Build New Railway Line Under Seventh 5-Year Plan (ZHONGGUO XINWEN SHE, 11 Dec 85)	105
Briefs	
Huang He Bridge Opening	106
Tianjin Freight Handling	106
Guangdong Open Port	106
Nanjing Economic Seminar	106
Guangdong Transport, Communications	106
Shenyang CAA Opens Two Routes	107
New Helicopter Test Flight Conducted	107
TAIWAN	
ROC Formulates 1986 Foreign Trade Plan (Taipei Domestic Service, 12 Dec 85)	108
Taiwan, Japan Business Leaders End Taipei Talks (Taipei Domestic Service, 13 Dec 85)	109
HONG KONG	
Sino-British Talks on Hong Kong Land Production Continue (Frank Choi; SOUTH CHINA MORNING POST, 13 Dec 85)	110

Hong Kong Exports Down 11 Percent in Third Quarter (HONG KONG STANDARD, 26 Nov 85)	111
Hong Kong Domestic Exports Fall 11 Percent in October (Paul Baran; SOUTH CHINA MORNING POST, 27 Nov 85)	114
Hong Kong Electronics, Clothing, Textile Exports Drop 'Significantly' (Jerry Norton; SOUTH CHINA MORNING POST, 4 Dec 85)	116
Hong Kong Domestic Exports Fall 7 Percent (Robert Mayerson; SOUTH CHINA MORNING POST, 16 Dec 85)	118
Hong Kong Index Drop Linked to 'Political Rumblings' (Eric Ellis; SOUTH CHINA MORNING POST, 28 Nov 85)	120
Cathay Pacific Float, 1997 Politics Influence Hong Kong Market (Eric Ellis; SOUTH CHINA MORNING POST, 30 Nov 85)	122
Hong Kong Trade Mission To Visit Tianjin, Shenyang, Dalian (Paul Baran; SOUTH CHINA MORNING POST, 12 Dec 85)	125
PRC Has Financial Stake in Hong Kong's 2d Cross Harbor Tunnel (Stephen Morgan; HONG KONG STANDARD, 6 Dec 85)	127
Briefs Hong Kong Stock Market Recovering	129

NATIONAL POLICY AND ISSUES

PRICES ADMINISTRATION HEAD SEES STABLE PRICES

HK211017 Beijing ZHONGGUO XINWEN SHE in Chinese 1443 GMT 18 Nov 85

[Report by reporter Li Wei [2621 0251]: "Director of China Commodity Prices Administration Speaks on Trends of Market Price"--ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 18 Nov (ZHONGGUO XINWEN SHE)--On China's trends of market prices, Cheng Zhiping, director of the State Administration of Commodity Prices, made the following forecast here today: This winter and spring, except for the prices of some nonstaple food which will be subject to seasonal price rises, market prices will not fluctuate on a large scale, and are expected to remain basically stable. Though the scale of price rises for nonstaple food is rather great, the annual growth rate of China's for retail goods could be restricted price index to about 9 percent.

His reasons for this are: There are large inventories of food, pork, cotton cloth and other major consumer and durable goods; and the state controls the important economic means for stabilizing commodity prices.

This was forecasted by Cheng Zhiping in his report on this year's price reforms delivered at the 13th session of the 6th NPC Standing Committee. In his report, he also said: The State Council has made a point of ensuring basic stability of commodity prices in the course of price reforms.

He said that compared to the same period last year, this year's national price index for retail goods following the implementation of price reforms has increased by 5.6 percent in the first quarter and 8.8 in the second quarter, but it was under control in the third quarter. Commodities that had their prices increased are mainly fresh, livestock products and non-staple food. Prices of grain, oils, cloth and most of the light industrial products are basically stable.

He said that over the months, the State Council has adopted a series of measures for stabilizing commodity prices. They include:

--The production development of major nonstaple food including pork and vegetables. By readjusting the situation of demand and supply, the state transported vegetables from the south to the north making up for the

shortage. Some large and medium-sized cities set the ceiling wholesale prices for pork, eggs, and vegetables. They also arranged the production and supply of more bean products when the supply of vegetables was in the off season.

--The implementation of in-depth and large-scale checkups on commodity prices. According to incomplete statistics, between January and September this year, the country examined and handled over 160,000 cases of violating the pricing discipline, involving more than 30 million yuan of funds being fined and confiscated.

--The implementation of regulations on articles of daily use which are closely connected with the people's livelihood. It is stipulated that all products which still have a profit after deducting the increased costs of raw materials are prohibited from increasing prices, and so on.

Cheng Zhiping stated that while this year's rise of commodity prices was rather great, the real income for most of the households is estimated to have increased after deducting the expense due to higher prices. He estimated that this year's average wage for employees throughout the country is 17 percent higher than last year (excluding the price subsidy), while peasant net income may exceed 10 percent.

/6091

CSO: 4006/393

NATIONAL POLICY AND ISSUES

JINGJI YANJIU ON ENTERPRISE ACCOUNTING METHODS

HK100843 Beijing JINGJI YANJIU in Chinese No 10, 20 Oct 85 pp 62-66

[Article by Zhang Chunyin [1728 4783 7299] of the Graduate School of Economics, Chinese Academy of Social Sciences: "All Expenditures of an Enterprise Must be Included in the Accounts"]

[Text] In implementing economic accounting, an enterprise has to use its revenues to balance its expenditures. The economic accounting implemented by state-run enterprises is by no means comprehensive. Some of the items, which should be included in the accounts, have long been ignored and have not been included. The introduction of comprehensive economic accounting is a major aspect of reform of the economic structure. Comprehensive economic accounting means that all of an enterprise's expenditures must be included in the accounts. At present, no comprehensive economic accounting is implemented by any enterprise in the country. The problem areas are as follows: (1) Expenditure on natural resources; (2) Expenditure on labor resources; (3) Payments for production capital; (4) Invisible wear and tear on fixed assets; (5) Interest on bank loans; and (6) Expenditure on geological prospecting.

(1) Expenditure on Natural Resources

Natural resources include land, forestry, mineral resources, water, etc. Since the founding of the republic the use of natural resources has been free of charge. All along we have kept silent about pricing such resources. This practice was, in fact, adopted from the Soviet Union which had advocated the idea of free use of natural resources, before its economic reform in 1965. This had also been regarded as a superiority of socialism. The Russians based their idea on Karl Marx's saying, that an object can be of use value though of itself it has no value if it is useful without the need of labor. In fact, they misinterpreted Karl Marx, who had never said that natural resources have no price at all, but had said only that natural resources have not value because they have not gone through the process of human labor. One of the problems of our economic accounting [word indistinct] idea that natural resources were not created by labor and the objective existence of their value was denied. This was also one of the problems of our price theory. We have to be fully aware of the exhaustion of natural resources. Today, many kinds of natural resources have been greatly exploited. We are facing a wide shortage of natural resources. Under these circumstances, those who use natural resources have to pay. In

other words, they have to make payments (or pay rentals). At the same time, natural resources also have a price. Not a value price, but a capitalization of rentals. The abovementioned idea is clearly expounded in "Capital." Some people who favor the idea of ownership maintain that because of the existence of ownership natural resources have a price. From this point they deduce that in a socialist society, in which private ownership has been abolished, all natural resources have become public property and price is therefore non-existent. Furthermore, the use of natural resources is, of course, free of charge. This idea is, however, incorrect. In fact, no matter whether a society is capitalist or socialist, once the ownership and the right of use of natural resources are separated, they should not be used free of charge. On the contrary, those who use them should pay. Through practice we have found that free use of natural resources has caused serious effects on our economic life. First of all, it causes enterprises to disregard the rational use of natural resources and their wastage is aggravated. Indiscriminate use of natural resources has become a common phenomenon in our economy and the ecological balance has been upset. Secondly, the economic accounting of an enterprise becomes incomplete owing to free use of natural resources. Consequently, the price of agricultural products and minerals has been on the low side which, as a result, affects the costs of the processing industry. What seems to be important and urgent, is that we have to make a break with tradition and carry out comprehensive economic accounting requiring that all enterprises must pay when using natural resources. I believe that paying for natural resources is one of the significant aspects of economic reform. I am going to analyse some major natural resources items in order to illustrate and justify the inclusion of expenditure on natural resources in pricing.

First of all, let me discuss payments for land. Sales of land have been forbidden since 1952. Although the price of municipal and township land still remains, it is no longer a selling price, but a price for the calculation of land tax. We have been using land free of charge and have sidestepped the issue of land price. However, in actual economic life, land taken over by the state or land let among units, including land in both rural and urban areas, has a price. Furthermore, a price pattern has been formed in large land transactions. The objective existence of this economic factor is undeniable.

My analysis of the economic aspect of land pricing in a socialist economy is based on the separation of land ownership from the right of use. In a socialist economy the occupation, use and control of land are separated from land ownership. In urban areas, state-run enterprises can only use and control land allocated to them. They are not the owners of such land. The state remains the landowner. In rural areas, individual agricultural households can only use and control land which is, in fact, owned by the socialist collective peasants. All municipal factories and shops as well as agricultural households should not use the land free of charge. They should instead pay a definite amount of land charges (or rentals) which are a contributing factor in land pricing. This tallies with Marx's basic theory that land rentals emerge because of the separation of land ownership from the right of use.

To include land in the accounts is a major step towards the profound development of economic accounting. The pricing of products will become incomplete if

land charges are not included in it. The differentials of land grades are another issue. As we all know, land is only a factor of production. It creates no value and what is of value is the live labor invested. Land, however, has something to do with production. Although the value of land remains unchanged in production, the difference in natural conditions naturally affects the labor productivity. The quality and geographical location of land has much to do with the wealth created through labor. Such differential is usually called the differential land rent which plays not only a significant role in agricultural production and mining, but a direct role in industrial production as well as non-production business management. If land is not charged, the inequality in the free distribution of land will become an economic inequality. Enterprises using larger quantities of land free of charge, or whose location or conditions are good, will certainly gain economic superiority. Land rentals help enterprises minimize the quantity and maximize the use of land occupied.

I shall now discuss payments for minerals. As those for land resources, payments for mineral resources such as coal, petroleum and iron have to be made because of the separation of ownership from the right of use. The reasons for the low recovery rate and abhorrent wastage of minerals are: (1) The pursuit of high production and (2) the misuse of minerals. Take coal-mining as an example. Our coalfields are made up of thick and thin coal seams. Both seams should be mined proportionately so as to strike a balance in coal production. Because of the free use of coal and the pursuit of high production, the practices of mining thick coal seams and abandoning thin ones and mining some thick coal seams while abandoning others has become popular. In other words, the former practice means that thick coal seams are mined while thin ones are abandoned, and the latter means that only two meters of coal is mined from seams three to four meters thick while the rest is abandoned. Much coal is abandoned or wasted in production. Consequently, the period of service of coal mines is shortened. Some coal mines scheduled to serve 30-40 years, serve only 10-20 years. Despite the promulgation of a series of regulations, wastage cannot be avoided unless economic measures are adopted [word indistinct] are charged for.

Forests are different from land. The number of forests decrease and the ecological balance is upset after they are used. Owing to the long-term indiscriminate felling of trees, total forest area has decreased rapidly, adversely affecting the ecological balance. Ours is one of the least forested countries in the world. The forest area ranks the country 120th among the countries in the world. In felling trees in the future, the departments concerned should pay the state proper fees, including anti-pollution charges and the cost of regenerating the forests. Otherwise, there will be no fund for clearing the pollution caused by the shortage of forests. Neither will there be money for the regeneration of forests. If this happens, forest resources cannot be generated after consumption.

It should be stated clearly that the payments for natural resources are only a redistribution through which a portion is returned from product profits. Such payments should not be included in the costs for it is theoretically incorrect and dangerous in practice to do so.

(2) Expenditure on labor resources

At present, wages are included in the costs of an enterprise while bonuses are paid from its profits. In fact, wages should be used to compensate the costs of labor reproduction. However, the wages item within production costs has failed to fully reflect the entire costs of labor reproduction.

The costs of training the labor force (particularly complicated labor) are paid by the state. College education is almost free of charge to those who receive it. So far as the units using labor above college level are concerned, they are using it without paying anything. At present, talented personnel of college level are a scarce labor force. Enterprises which are using such labor have to pay nothing except low monthly wages. This naturally gives rise to the fact that enterprises are using talented personnel indiscriminately while being reluctant to transfer them, jeopardizing the enterprises' rational use of talented personnel. A serious contradiction will thus emerge. Existing talented personnel fail to meet the demands of the four modernizations while this scarce labor force is being wasted. Such a problem can be resolved by the implementation of comprehensive economic accounting. To be more specific, the flow of talented personnel can be improved by either greatly increasing their wages which will then cover the training costs, or making the enterprises which are using them pay a use charge or tax. In this way, the units will not invite unsuitably talented personnel to join them, nor will they stop any unsuitably talented personnel from being transferred out. Talented personnel should be paid by those who employ them. Only in this way can economic accounting be regarded as comprehensive. By paying a charge for using talented personnel, an enterprise will help the state coordinate all education funds. It is more rational to impose a use charge than the graduates' once-and-for-all "compensatory assignments" because the amount of compensation for the latter is so great that some small and medium-sized enterprises may not be able to afford it. The use charge which is to be paid on a monthly basis is a favorable factor in enterprise accounting.

3. Expenditure on Production Capital.

Overall our economic structure is one in which expenditures and revenues are centralized. The enterprises' production capital is allocated from the state budget gratuitously and is not included in the accounts in which expenditure is balanced by revenue. However, this practice is incorrect in the extreme, bearing in mind that enterprises will indiscriminately and unrestrictedly ask the state for capital if they do not have to assume responsibility for the capital they use. Worse still, they may not be eager to fully use their technology and the equipment provided. Economic losses will be incurred if such equipment becomes idle. In sum, the free use of capital is a major factor in indiscriminate investment and various modes of squandering. In my opinion, one of the major ways to carry out comprehensive economic accounting is to instruct enterprises to make payments at a specified rate for the total capital. This includes the long-term and huge fixed capital used by them. Through these payments for capital the state can recover a large part of the capital from the profits of the goods. In this way the enterprises' use of capital which is not originally included will then be included in the accounts. That the Soviet Union takes the policy of making payments for capital as epoch-making is not unfounded.

Our country initiated payments for capital on an experimental basis in 1982. The pilot scheme ceased as many enterprises were in the red because of these payments. Even today, our enterprises still do not make payments for the capital they use. I believe that only if the price is fixed in accordance with production costs can we successfully introduce payments for capital. Otherwise, enterprises whose production costs are high will be unable to pay. I am given to understand that payments for capital will commence during the third stage of the system of substituting tax payment for profit delivery. If this is true, the payments for capital will be moving on the right track.

Regarding the rate of payments, I think we should introduce different rates, as we do when we fix land rentals according to the fertility and location of the land. Otherwise, there will be a discrepancy, between the quality of technology and equipment, instead of labor.

4. Invisible Wear and Tear of Fixed Assets.

There are two problems in the depreciation of fixed assets in existing production costs. First, the depreciation rate is too low. Second, invisible wear and tear is not included. I am going to discuss only the second problem which has not been fully recognized. Our production costs are incomplete as invisible wear and tear is not included.

Invisible wear and tear is a depreciation in the value of fixed assets caused by any technological advancement. It should be treated as an expenditure on necessary social labor and be included in the costs so that the value of the fixed assets can be compensated for long before they reach the stage of physical wear and tear. Only in this way can the total depreciated value of fixed assets be faithfully reflected in the costs. There are two different types of invisible wear and tear caused by technological advancement. First, owing to scientific and technological advancement, when enterprises in an industry have used advanced equipment to increase their productivity and lower their consumption of raw materials and energy. Consequently, their economic results are improved. In other words, more is created. The productivity of enterprises which are still using backward equipment is relatively weaker and their production costs are greater. In order to be more competitive, they have to replace old and inefficient machines by new and efficient ones. The loss incurred by such a replacement is called invisible wear and tear. Second, owing to scientific and technological advancement, more and more equipment can be produced and the value of such equipment will naturally diminish. Consequently, the value of the same type of equipment already in operation will certainly depreciate and its original value will be lower than the prevailing market price. In view of the rapid development of science and technology, invisible wear and tear not only exists but accelerates. Capitalists who run enterprises are very sensitive to it. They have to recover their investments in fixed assets as quickly as possible through depreciation, or else they will lose money. Influenced by traditional small-scale production, we have almost ignored invisible wear and tear on machines and equipment and have mistaken it for the socialist principle of frugality. No major technical renovation has been carried out during the past three decades. Our existing equipment is old and outmoded. The longer the equipment is used, the greater the maintenance charge.

Sometimes, if the equipment is not renovated at an appropriate time, it will cost us more to repair it than to buy a new machine. Of the major reasons for our failure to improve the use rate of energy and raw materials and the sluggish development and uncompetitiveness of our new products, one is that we have been unable to actively renovate our equipment and, second, that we have always repaired our outmoded equipment at high cost. Under the old economic structure, all profits as well as depreciation charges went to the Ministry of Finance. From now on, as our enterprises are carrying out comprehensive accounting, we have to pay attention to invisible wear and tear so that (both visible and invisible) wear and tear on our enterprises' fixed assets can be fully compensated by depreciation charges in production costs.

The depreciation rate of invisible wear and tear should vary from department to department. For knowledge-intensive departments and those which are experiencing rapid technical progress such as the electronic industry, or those which have a high export rate, we not only have to include invisible wear and tear into the depreciation, but also to take note of the international standard of invisible wear and tear in a bid to speed up our technical renovation. Otherwise, our export departments will lose their competitiveness in the international market. For enterprises engaged in mass production, we should not ignore their invisible wear and tear, nor should we blindly use the international standard as a base to speed up technical renovation. We should, however, determine the depreciation rate of invisible wear and tear according to our actual situation, our current production and physical conditions.

5. Interests on bank loans

In the past, all circulating capital in our enterprises was allocated from the state budget. The state has, however, instructed that with effect from 1984, all circulating capital to be used by enterprises should be obtained by way of bank loans. I believe this is the first step in a shift toward comprehensive economic accounting. Only in this way can the running of an enterprise be assessed.

Although all current circulating capital in enterprises is made available by way of bank loans, there exist two problems. First, fixed interest rates have failed to reflect actual financial supply and demand. Second, interest rates are too low. Those who get bank loans will surely be in an advantageous position. The situation is, changing, of course, as people nowadays have become more and more conscious of these two problems and have continuously tried to resolve them. In July, 1985 interest rates on bank loans were readjusted slightly by the state. Overall, however, interest rates are on the low side.

People hold different views on how to include bank loan interest in the accounts. The most popular view is that interest should be included in costs. Only by so doing can an enterprise be encouraged to be frugal in using capital and can accumulation of capital be avoided. This will help an enterprise to carry out economic accounting. At present, the state is also considering this. That is why all enterprises have included interest on bank loans in costs during the past few years. Some people, however, argue that it makes no great difference to include the interest in costs as they are paid from m. So far as economic

theories are concerned, it matters a lot where the interest is paid from. In my opinion, it is incorrect in theory and dangerous in practice to include interest in the costs.

Theoretically, interest is only a part of the profits. It should not fall within the realm of c plus v . It is therefore, strictly speaking, impossible for us to include interest in the costs, thus treating it as compensatory expenditure. Furthermore, to include interest in costs is a dangerous practice. It has been proved in actual economic life that an enterprise will not be encouraged to be frugal in using capital if interest is included in costs. It should be noted that as costs can be made up, an enterprise will not have to assume any responsibility as long as any bank is willing to grant loans if it includes the interest in the costs. This is, in fact, a good example of "eating from the same big pot." Enterprises will certainly be encouraged to be irresponsible. Economic accounting will not be strengthened if an enterprise includes the interest in the costs. On the contrary, the implementation of economic accounting will be impeded. In addition, interest normally makes up a small proportion of production costs. It creates very little impact on an enterprise's economic results if it is paid from the costs. If the payment of interest is made from profits retained by an enterprise, the interest rates and the amount of interest will have much to do with the earnings of the enterprise and its workers. In such a case, an enterprise will naturally try its best to conserve its circulating capital, reduce capital accumulation and improve its management.

6. Geological Prospecting Charges

Under the traditional economic structure, geological prospecting and mining were totally unrelated. It has been proved through 30-odd years of practice that this tradition is not without problems. In the past, all geological prospecting charges were paid from state operating expenses under the system of "centralized revenues and expenditures." They had nothing to do with mining enterprises. This matter has long been ignored. I maintain that, after an enterprise has started carrying out comprehensive economic accounting, part of the geological prospecting charges should be paid from the production costs while part of them should be paid from state operating expenses. The guiding principle is that all such charges should be paid from costs if the prospecting is done at the time of production. (In other words, if from the time capital construction commences to the initial stage of investment, it is proved that the results of the prospecting are basically satisfactory and that an enterprise will not lose business because of its investment in capital construction.) There are times when prospecting is totally futile. Sometimes it may not become useful until generations later. In such cases, the charge should not be paid from the costs, with the exception of research expenses on geological prospecting. The charges for prospecting done long before production takes place should be paid from state operating expenses. We cannot take this as "eating from the same big pot." In summary, charges which are directly related to production should be paid from costs.

The abovementioned six problems are viewed from a comprehensive economic accounting standpoint. It is reasonable to include them in the realm of economic accounting or, perhaps, pricing.

/8918

CSO: 4006/415

NATIONAL POLICY AND ISSUES

PRC JOURNAL ON ASSESSING INVESTMENT BENEFITS

HK290207 Beijing JINGJI YANJIU in Chinese No 10, 20 Oct 85 pp 74-77

[Article by Chen Qizhong [7115 0796 0022] and Zhu Jingyao [2612 2417 1031] of the Capital Construction Economics Department within the Hubei Institute of Finance and Economics: "The Problem of Assessment Using Investment Benefit Indexes"--completed in August 1985]

[Text] Under socialist conditions, which activity category or sphere investment benefit indexes are to be applied to is an important question worthy of study. For a long period, our nation's assessment categories for investment benefit indexes were restricted to a few direct, easily calculated fields of production. As to the social benefits of investment in service industries, basic facilities, culture and education, environmental protection, scientific research, and other nonproduction fields, there have been no clear standards for assessment. However, restricting research and exploration into the question of investment benefits to purely economic phenomena is insufficient. The social benefits manifested by investment are also an important component and should be considered together with the economic benefits. Thus, the range in assessing the benefits of investment extends not only to the sphere of production. It also extends to nonproduction spheres. On the one hand, it includes the social benefits of investment in new construction projects and, on the other hand, it includes the social benefits of investment in the technical transformation of, and the scientific and technical use of, existing projects.

I. The Assessment of the Benefits of Investment in the Sphere of Material Production

The investment activities we engage in are, ultimately, intended to obtain material goods for use by the people and to satisfy the various demands of the people. In studying the question of investment benefits, the benefits of investment in material production fields is the most basic focus of our research.

In the evaluation of overall social investment benefits, we cannot divorce ourselves from specific material production activities or from the calculation of labor consumption and labor use in investment projects in various enterprises and units. These are the bases for assessing economic benefits. As to the creation of material wealth, the major production activities funded by social

investment involve the production of materials with use value, and the vast majority of state investment is used in the material production sphere. Thus the appraisal and assessment of this sphere is extremely important.

In the assessment of the material production sphere, the first thing we need to evaluate is the benefit of the investment in satisfying social demand and the demands of the masses. Second, we need to look at labor consumption and labor use, as well as the benefits of resource use. The former is a necessary prerequisite for the latter. If the actual use value of products formed through investment is very poor or does not conform with the standards required by society, even if the benefits, in terms of labor consumption and labor use, are good, it will be of no real significance. However, as benefits in terms of labor consumption and labor use also condition the raising of benefits in terms of satisfying demand, under the conditions of fixed investment indexes, as the benefits of the project investment in terms of labor consumption and labor use improve, resources are more fully utilized. Of course, it is thus possible to create more material products for satisfying social demand. Thus, when assessing the benefits of investment in the material production sphere, we must pay attention to the internal relationships.

1. The manifestation in a material form, and that in a value form, of useful results created in the material production sphere have equally important roles. Simply using material indexes to compare economic benefits is not sufficient. Although the end goal of socialist production is use value, not value, as a measurement of investment benefits, the value form is indispensable.
2. The economizing of materialized labor and the economizing of animate labor are two aspects by which to assess investment in the material production sphere. If we wish to evaluate the economic benefits of investment activities, we must on the one hand separately assess the degree of economy realized in these two aspects, and on the other hand comprehensively examine the sum total of consumption and use in these two aspects. Under fixed conditions, changes in the consumption of materialized labor and animate labor do not form particular ratios. Likewise, the degree of change is not the same. The economizing of materialized labor is manifested as a saving of production materials used in an investment project. The economizing of animate labor, on the other hand, is manifested as a saving of labor expenditure on the construction project.
3. Time factors and space factors have important influence in assessing the benefits of investment in the material production sphere. Whatever economic benefits are produced by investment activities, all are derived from investment activities within a certain period and within a certain scope. Thus, when assessing investment benefits, we must study these two factors and establish assessment indexes for different periods and different setups in terms of space.

II. The Assessment of the Benefits of Investment in Nonproduction Spheres

For a long period, the establishment of indexes in terms of benefits has been restricted to investment in production sphere projects. The assessment of investment in nonproduction sector engineering projects was incomplete. It was

often considered that investment in the nonproduction spheres did not directly create wealth and thus it was very difficult to set indexes for calculating benefits. In fact, construction in the nonproduction sector uses and consumes social labor and also has certain selected indexes in terms of social results and economic benefits. The benefits of investment in nonproduction spheres are still calculated by comparing the social and economic benefits with the total amounts of investment consumed and used in achieving these goals. If the social and economic benefits in the nonproduction spheres can be directly calculated, then it is possible to use fixed prices standards to calculate the service or product quantities realized over a year, as well as the growth of profits realized by the investment project. If the benefits cannot be calculated, similarly, in accordance with the standards set by the state for improving the social environment, targets for increased consumption levels and amounts, as well as the requirements in terms of social welfare plans and so on, a comprehensive description can be made and, as far as necessary and possible, this can be subject to numerical calculations.

Investment in the nonproduction spheres is mainly used for improving working and living conditions, improving social welfare facilities, guaranteeing the health of the masses, raising their knowledge [word indistinct] and more fully satisfying the spiritual and cultural needs of society and of individuals. Thus, assessing the benefits of investment in the nonproduction spheres not only involves looking at investment in production service department projects and related engineering projects which guarantee an improved level of material life for the people. It also involves looking at investment in departmental and related projects which guarantee the development of the masses' physical and mental strengths.

The benefits of investment in nonproduction spheres refers to the amount by which social benefits and socioeconomic benefits improve as compared with the amount of investment required to achieve this improvement. Using benefit indexes based on this ratio it is possible to evaluate the benefits of investment of nonproduction spheres.

The basic characteristic of benefit indexes in nonproduction spheres is that they are calculated and verified through the benefits of national economic investment in the nonproduction spheres. These include direct and associated economic and social benefits produced by investment in nonproduction spheres. In accordance with this characteristic, benefit indexes for investment in nonproduction spheres can be of many types: 1) Material indexes. That is, production capacity or benefits of a service nature which are newly formed by the investment. This includes, for example, the production capacity and sales capacity formed by the investment of each unit. 2) Quantitative indexes. This mainly refers to the adoption, in accordance with the development requirements of nonproduction projects, of fixed quota standards for assessing, within a certain period, the renewal or construction rates of various projects of a service or management nature. For example, this could include the housing area completed within a certain period, calculated on a per-capita basis, the capacity and degree of convenience of service facilities, and so on. 3) Qualitative and performance indexes. This refers to a quantitative analytical evaluation based on comprehensive descriptions of some nonproduction projects for which it is not possible to calculate quality or performance. This is

generally calculated on the basis of the quantity or nature of the key elements or characteristics of engineering projects or service quality, together with details of population and local conditions in a specific society. It can, for example be used for qualitative evaluation and assessment of housing, tourist projects, and health protection projects. 4) Value indexes. In this, the profits obtained from service and labor provided by departments and enterprises in non-production spheres are used as the basis of calculation.

In ordinary circumstances, it is difficult to use economic indexes to carry out accurate calculation of the benefits of investment in non-production spheres. However, in many situations, by establishing and using some quantitative indexes to carry out approximate calculations, it is possible to get a general reflection of the investment benefits.

III. Assessment of the Benefits Derived from Investment in Renewal and Transformation Projects

Renewal and transformation in general refers to the renewal of equipment, transformation of production technology, technical renewal, the building of workshops, and other such production activities in existing enterprises. The renewal and transformation of existing enterprises is an important means of raising investment benefits. Through renewal and transformation, it is possible to reform technology, raise the quality and quantity of products, develop new products, comprehensively utilize various types of resources, and reduce costs. This will thus allow the enterprise to improve its results. Thus, the assessment of the benefits of investment in renewal and transformation projects is an important question worthy of study.

Investment of renewal and transformation projects involves the addition of labor and investment to the existing enterprise base. In the process of investment, the degree of saving in terms of labor consumption and labor use cannot in general be precisely assessed. Only after renewal and transformation work is completed and a comparison in terms of technology and the new equipment is carried out is it possible to reflect this. Thus, the methods and indexes used in assessing the benefits of investment in renewal and transformation work have their own characteristics.

The benefits of investment in renewal and transformation projects are comparative economic benefits. The benefit indexes should be separately established in accordance with assessment and evaluation of the aims. First, if the aim of renewal and transformation is to raise the technical level and reduce daily production expenditure, and production quantity does not change, then the benefit index can be obtained by comparing the amount saved by cost reduction with the amount of renewal and transformation investment required to achieve this reduction. Second, if the aim of renewal and transformation is to increase production and raise product quality, we should obtain the benefit index by comparing the figures with [word indistinct] for comparative equipment in a newly built enterprise, or with the figures for the original enterprise. Third, if the aim of the renewal and transformation projects is to raise product quality and expand product types, then one of the following two methods should be used:

- 1) The benefits obtained by the consumer through the increase in quality will

be considered as the economic benefits. At the same time, the amount by which growth in total output value exceeds the growth of regular production costs will also be considered as an economic benefit. 2) The economic benefits will be determined by comparing the amount of investment in expanding product types and regular production costs with similar indexes in newly constructed enterprises.

In the calculation of benefit indexes for investment in renewal and transformation, it is necessary to consider not only the direct economic benefits obtained but also the related, indirect benefits.

1. The social benefits of investment in renewal and transformation projects. These projects use modern technological achievements and advanced experiences to change the existing equipment structure and technological functions, overcome the situation of outdated technology, and bring into play the potential of equipment. Apart from the direct benefits of reduced labor consumption and lower costs, this also brings benefits in terms of the rational use of resources, improved labor conditions, reduced labor intensity, safer production, and improved environmental protection. These social benefits are also one of the aims of renewal and transformation projects and we should establish appropriate indexes so that overall evaluation can be carried out.

2. The additional output value benefits of investment in renewal and transformation projects. The additional output value referred to is that obtained during the period in which renewal and transformation projects can be put into full production ahead of new projects of a similar type. This additional value is closely linked to the length of time the renewal and transformation project can bring its production capacity into play ahead of comparable new projects. The longer it takes to bring into play the normal production capacity of new comparable projects, the greater will be the additional value of the renewal and transformation projects and the greater the benefits.

Assessing the economic benefits of investment in renewal and transformation projects is important and complicated work. The adoption of particular technologies in renewal and transformation can have many effects on an enterprise. For example, product types can be changed, product quality can be improved, labor productivity can be raised, and so on. It can also result in increased investment. Thus, in assessing the economic benefits of investment of renewal and transformation, we should establish benefit indexes for many aspects.

IV. Assessment of the Benefits of Investment in Environmental Protection Projects

The benefits of investment in environmental protection are mainly reflected in the degree of labor saving achieved in the environmental protection activities, and by comparing the social benefits and socioeconomic benefits which are obtained with the investment funds expended.

The basic tasks of investment in environmental protection are to guard against and control environmental pollution, to maintain ecological balance, to maintain and improve the environment for human labor and life, and to promote the rational use of natural resources. The benefits of investment which have to be

analyzed are those produced in three areas: the social benefits, the socio-economic benefits, and the benefits in terms of natural resource use. By analysis and study, from different angles, of the amounts the state should invest within a certain period, it will be possible to achieve the best level of environmental quality and the best economic results in terms of environmental protection. Thus, the assessment of investment in environmental protection projects must accord with the characteristics of the investment.

Because of the environment's all-encompassing nature in terms of space, and continuity in terms of time, its influence extends not only to the natural world. It also affects overall social ecology and man's actions. It directly affects the overall interests of the whole of society and the interests of every enterprise, every unit, and every member of society. Because the sources of environmental pollution can be affected by overlapping production in various areas and because air and water, which are affected by pollution, are fluid, if one area is affected by pollution, it will bring harm to other areas as well. Thus in considering [word indistinct] of environmental pollution, we must think about it in a unified, comprehensive, and wide-ranging manner. If we simply rely on partial management and a small number of units, we will not be able to resolve the basic problems. The assessment of investment in environmental protection involves, apart from indexes which appraise partial benefits, a comprehensive benefit index which will be the most important. These indexes will allow us to make a multilevel, multistructured, overall assessment.

The benefits of investment in environmental protection are mainly calculated by assessing differences in various indexes in two situations, one when environmental protection measures have been taken and one when environmental protection measures have not been taken. As environmental protection needs are not the same, benefits indicated by the index differentials can also be of various types: 1) Direct benefits. That is, the new results which are directly created by investment in environmental protection. This reflects the degree of growth in various economic indexes as compared to the situation prior to the implementation of the environmental protection measures. These can be calculated from the growth of profits or the reduction of costs after the adoption of the environmental protection measures. 2) Additional benefits. That is, benefits brought by preventing losses through environmental pollution. The advantage of this investment is not in raising production, but in preventing or reducing production decreases which would have resulted from pollution. Thus, the additional benefits are mainly calculated on the basis of economic benefits obtained by avoiding losses, as well as the reduced amount of investment required by the state due to the improved environment. 3) Comprehensive benefits. That is, the benefits of investment in environmental protection looked at in a unified way from political, economic, and technological angles. For example, the protection of natural landscapes, cultural relics, and biological species falls into an economic category which transcends environmental protection. The economic benefits which derive from such measures are very difficult to assess precisely. In addition, such measures also have social benefits which cannot be ignored. Thus, in the assessment of comprehensive benefits, apart from using differences in various indexes brought about by changes in the investment area, we should also use some derived calculation formulas so as to be able to carry out descriptive calculations of the various benefits. In general, the

comprehensive benefit indexes can be calculated using the economic income derived from the rational use of natural resources.

In brief, in the assessment of the economic benefits of investment in environmental protection projects, we should, in accordance with the characteristics of the environmental protection project in which the investment is being made, establish an appropriate system of indexes. Thus, in a scientific and overall way we will be able to assess the benefits of investment. In the new situation of economic development, the benefits of investment in environmental protection projects cannot be overlooked. Rather, they should be given great attention.

/8918

CSO: 4006/415

PROVINCIAL AFFAIRS

FUJIAN GOVERNOR ON FOREIGN ECONOMIC RELATIONS

OW160531 Fuxhou FUJIAN RIBAO in Chinese 3 Dec 85 p 1

[Dispatch by correspondent Shi Zhengping]

[Excerpts] Speaking at a provincial forum on foreign economic relations and trade which recently ended, provincial Governor Hu Ping stressed that to create a new situation in foreign economic relations and trade, it is necessary to boldly emancipate our thinking, be pioneering and enterprising, establish four new concepts, and pay attention to four areas.

While fully affirming Fujian's important achievements in foreign economic relations and trade since the 3d Plenary Session of the 11th CPC Central Committee, Governor Hu Ping pointed out that in the new situation, it is necessary to have a correct guiding ideology as well as unified thinking. Ideologically, we must establish four concepts. First, we must establish a concept of the overall situation. Without unified principles, policies, coordination, and action, our work in foreign economic relations and trade cannot succeed.

Second, we must establish a concept of results. Expanding exports, importing technology and equipment, and using foreign capital are all for the purpose of achieving economic results, accumulating more capital, and earning more foreign exchange.

Third, we must establish a pioneering concept. Besides continuing to develop original products, resources, markets, and measures that we already have in foreign economic relations and trade, we must also continue to be pioneers in discovering new resources, developing new products, and opening new markets.

Fourth, we must establish a concept of making more contributions to the state.

Governor Hu Ping emphatically pointed out that to create a new situation in foreign economic relations and trade, we must pioneer new approaches. First, we must pay attention to investment and development while promoting foreign economic relations and trade. We must build export commodity bases by way of direct investments and development, thereby bringing into full play the multifunctional role of the departments of foreign economic relations and

trade; they must not only do business but must also engage in development and participate in direct investments. Second, we must closely integrate the work of foreign economic relations and trade with Overseas Chinese affairs. In this regard, we must make use of the economic development in the homeland of Overseas Chinese; we must use direct investments of Overseas Chinese to open up new markets and develop new areas of foreign trade. In developing the economy of the homeland of Overseas Chinese, we share a common desire with them. Third, we must take a new approach in integrating development, trade, and compensation development with promoting foreign economic relations and trade. Fourth, we must integrate commodity export with the export of labor and undertaking construction abroad. We must use contracted construction projects to spur on the export of labor, machinery, and sets of medium-sized and small equipment.

Governor Hu Ping also called on party committees and governments at all levels to strengthen their leadership over foreign economic relations and trade, coordinate the work of foreign economic relations and trade with other work, and intensify training of foreign economic relations and trade personnel to raise their quality.

/9274

CSO: 4006/421

PROVINCIAL AFFAIRS

HUBEI TELEPHONE CONFERENCE ON LARGE-SCALE INSPECTION

HK040904 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 2 Dec 85

[Excerpts] Yesterday evening, the provincial people's government held a telephone conference to put forward specific demands on further and deeply doing well in grasping large-scale inspection of taxation, financial affairs, credit, commodity prices, and foreign exchange. Governor Huang Zhizhen and (Wang Xingran), head of the Work Group of the State Council, spoke at the conference.

In his speech, Huang Zhizhen affirmed the achievements in all aspects of large-scale inspection work at the preceding stage, commended units which had done large-scale inspection work well, and pointed out the existing problems. He put forward four demands for all aspects of future large-scale inspection work:

1. It is necessary to enhance further the understanding of the significance of large-scale inspection and to correct the attitude toward it. CPC committees and governments at all levels must seriously study the documents of the central authorities and the province on large-scale inspection and include large-scale inspection in the important contents of party rectification.
2. It is essential to do a good job in large-scale inspection of the five activities mentioned earlier. CPC committees and governments in all places must grasp inspection in an all-round way, and do it thoroughly and to the end. All departments must closely coordinate with one another.
3. The inspection of specialized trades must be stepped up. It is demanded that in the inspection of the specialized trades, not less than 40 percent of enterprises paying taxes and not less than 60 percent of financial enterprises must be inspected. These two quotas must be fulfilled.
4. It is imperative to step up the depositing of money collected with the treasury.

Comrade (Wang Xingran) proposed: At the stage of large-scale inspection completely and penetratingly carried out, it is demanded that three aspects of work be done well:

1. It is necessary to step up inspecting the specialized trades deeply, thoroughly, and completely.
2. It is essential to step up the prompt depositing of money collected with the treasury. All monies which should be collected must be promptly deposited with the treasury.
3. The financial system must regard their branches as a unit and formulate plans for repaying loans and enlivening funds.

Comrade (Wang Xingran) pointed out: It is imperative to eliminate the idea that large-scale inspection has been almost finished, to get rid of war-weariness, to overcome slackness, and to win a total victory.

/6091

CSO: 4006/390

PROVINCIAL AFFAIRS

10 MAJOR CHANGES SEEN IN TIANJIN'S URBAN ENVIRONMENT

HK121319 Beijing ZHONGGUO XINWEN SHE in Chinese 1410 GMT 11 Dec 85

[Text] Tianjin, 11 Dec (ZHONGGUO XINWEN SHE)--Tianjin Mayor Li Ruihuan declared at a meeting yesterday: After several years of hard work, 10 major changes have taken place in Tianjin's urban environment.

The 10 major changes include:

--Seventy percent of the buildings in Tianjin City were destroyed in the big earthquake in 1976, so temporary housing estates were built all over the city. Many people have lived since then in the "triple jump pits," which resulted in the houses being lower than the courtyards and the courtyards being lower than the road. The temporary housing estates used to flood after each heavy rain. Today, all the temporary housing estates have been torn down and new buildings have been built. On average, more than 3 million square meters of new buildings are built each year.

--New parks have been built along the banks of the Hai He and trees have been planted in the small courtyards between the buildings. The number of trees in the city doubles each year.

--There used to be a strange saying in Tianjin: "Vegetables are salted by the tap water." Since the Luo He was diverted to Tianjin, Tianjin has had a stable source of water and the people of Tianjin have been able to drink fresh and clean water.

--As China's major industrial city, Tianjin has long lacked proper treatment for its industrial sewage and its domestic sewage has not been able to find a proper way out of the city. In some parts of the city, the polluted water overflows and the smell is bad. Today, the new sewage treatment plant built in the western suburbs of the city can now treat one-fourth of Tianjin's sewage.

--Many scenic spots and historical sites in the city have experienced much wear and tear in the course of time and are showing signs of age. Some small Western-style houses in the former concessions have long been in need of repairs and have changed beyond recognition. Today, the Old Great Wall in Suxian County has been repaired and looks as dignified as it was in the past.

The Tianhou Palace, the Wen Temple, the Lizu Hall, and the Guangdong Club have been repaired and look like new. The construction of the ancient Cultural Street, which is a copy of the Ching Dynasty architecture, will soon be completed and the street will be opened to the public. The small Western-style houses will again look as elegant as they used to be after they are repaired.

/9274

CSO: 4006/421

9 January 1986

PROVINCIAL AFFAIRS

HUNAN ADOPTS MEASURES FOR DEVELOPING MACHINE-BUILDING ENTERPRISES

HK090819 Changsha Hunan Provincial Service in Mandarin 1100 GMT 5 Dec 85

[Text] The provincial government has approved a report by the provincial machine-building department on guiding and supporting the development of machine-building enterprises in towns and townships. The government has adopted 10 measures to support the development.

The provincial government urged machine-building departments at all levels to really strengthen their guidance of the machine-building industry in towns and townships in planning and policy formation. They should help the enterprises in the area by providing information, so as to help them decide on the direction of investment, and on such business matters as product design, production, sales, and technical services.

The provincial government stressed that they should greatly develop the distribution of products and promote cooperative production between the state-run enterprises and town and township enterprises. In accordance with the principle of volunteerism and mutual benefit, they should strive to promote the products by meeting the needs of the cities. Taking the state-run machine-building enterprises as the focal points, they should organize the town and township enterprises.

In addition, in order to support the development of machine-building industry in towns and townships, the provincial government has adopted preferential treatment for the supply of raw materials and taxation.

/9274

CSO: 4006/421

PROVINCIAL AFFAIRS

JIANGXI PEOPLE'S CONGRESS ENDS SESSION 8 DECEMBER

OW090937 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 8 Dec 85

[Excerpts] The 14th Session of the 6th Jiangxi Provincial People's Congress Standing Committee, which lasted 7 days, ended on the afternoon of 8 December.

Wang Zemin, vice chairman of the provincial People's Congress Standing Committee [PCSC], presided over the meeting. Attending the meeting were Wang Shufeng, chairman of the PCSC; and Liang Kaixuan, Huang Xiandu, Peng Shengxi, and Liu Bin, vice chairmen of the PCSC.

The meeting unanimously adopted a decision to revise the tentative measures for personnel appointments and dismissals in the Jiangxi PCSC, and approved several appointments and dismissals.

At the meeting, Wang Shufeng, chairman of the PCSC, delivered a speech on strengthening economic legislation and popularizing legal knowledge.

He said: Since its founding in December 1979, the PCSC has formulated and promulgated 32 local decrees and important resolutions, including 13 economic decrees and resolutions on economic affairs. This shows that the groundwork has been laid for economic legislation in our province. However, we should realize that this is still far from meeting the demands of economic development and reform of economic system. We should put greater emphasis on this work.

Wang Shufeng said: Regarding the work of popularizing legal knowledge among the masses, at the end of last year, the PPCSC adopted a resolution on popularizing legal knowledge and approved the Main Points for Popularizing Legal Knowledge Among Citizens in Jiangxi in the Next 5 Years proposed by the provincial People's Government. This has contributed much to legal propaganda and education in our province. In the next few years, popularizing legal knowledge should become an important work of the People's Congress.

Attending the meeting were Jiang Zhuping, vice governor; (Li Yun), president of the provincial Higher People's Court; Wang Shuheng, procurator general of the provincial People's Procuratorate; responsible persons of the PPCSC of the cities under the provincial jurisdiction, the counties, cities, and districts; as well as responsible persons of liaison offices of the PPCSC in all localities.

/9274
CSO: 4006/421

9 January 1986

PROVINCIAL AFFAIRS

BRIEFS

SHANGHAI ECONOMIC LAW MEETING--The municipal government's Economic Laws and Regulations Research Center called the first meeting of its staff members on the morning of 3 December. Mayor Jiang Zemin attended and spoke at the meeting. He said: Along with the progress in economic structural reform and opening to the outside world, economic laws and regulations are playing a more and more important role. In intensifying macroeconomic control and giving greater flexibility to microeconomic activities, we should pay close attention to the following two points: First, to formulate and improve economic laws and regulations, and second, to apply economic levers in guidance. Completion of economic legislation will provide us laws and regulations to follow in the economic work in all fields. In conclusion, Mayor Jiang urged the Economic Laws and Regulations Research Center to play an active role in stepping up economic legislation, training legal personnel, popularizing legal knowledge, and raising the people's consciousness in observing laws. [Text] [Shanghai City Service in Mandarin 2300 GMT 3 Dec 85 OW] /6091

CSO: 4006/390

ECONOMIC PLANNING

NATIONAL POSTS, TELECOMMUNICATIONS MEETING OPENS

OW031629 Beijing XINHUA in English 1435 GMT 3 Dec 85

[Text] Beijing, December 3 (XINHUA)--China will build regional digital communications networks in the economically important areas of the Yangtze and Pearl river deltas, and the Beijing-Tianjin-Tangshan area.

Also planned is an increase in satellite communications ground stations to form a basic domestic satellite communications system in the next 5 years, Yang Taifang, minister of posts and telecommunications, said today.

He told a national meeting on posts and telecommunications which opened today that China also plans to add three million urban telephone lines during the period of the Seventh Five-Year Plan, beginning next year.

The country is expected to have 13.5 million telephones by 1990, up from 6.2 million this year.

In the next 5 years, the long-distance switching capacity will be increased by 100,000 circuits.

Domestic and international long-distance dialing will be available in most of the provincial capital cities, industrial centers and coastal cities open to foreign investment and trade.

Efforts will also be made to enhance the postal service. Some 150 railway mail coaches, 5,000 motor vehicles and 10 ships will be added to increase the postal transportation capacity. In addition, more post offices will be built.

These efforts will also include further promoting the use of the postcode system, and automatic or semi-automatic sorting machines.

In its Sixth Five-Year Plan, which ends this year, China's domestic telephone lines increased by over 1.3 million, nearly the same as the total increase in the previous 25 years. The long-distance circuits increased by over 15,000, also equal to the total growth in the previous 25 years.

/8918

CSO: 4020/123

ECONOMIC PLANNING

STATE COUNCIL TRANSMITS INDUSTRIAL SURVEY PAPER

OW300206 Beijing XINHUA Domestic Service in Chinese 1158 GMT 29 Nov 85

[Text] Beijing, 29 Nov (XINHUA)--The General Office of the State Council recently transmitted the "Request for Instruction and Opinions Concerning the Preparations in the Past 2 Years for the General Industrial Survey," a document prepared by the National Industrial Survey Leading Group. Attached to the document is a circular issued by the General Office of the State Council. The circular says: This document has been approved by the State Council. It is hoped that all regions and departments will implement it in light of their situation.

The circular points out: The second national industrial survey will be an important survey of the state of the country and its strength. This highly important groundwork for socialist modernization is significant for drawing up long-range plans, promoting economic reform, expediting technical transformation of enterprises, improving the operation and management of industrial enterprises, accelerating industrial modernization, and achieving the strategic objectives set forth by the 12th party congress. People's governments at all levels, and competent authorities, and all industrial enterprises must intensify their leadership, seek truth from facts, report their situation factually, refrain from keeping two different accounts, pay special attention to handling the weak links, and finish all the survey's projects on schedule.

According to the document, the State Council decided in November 1983 to conduct the second national industrial survey in 1986, and issued the "Circular on Earnestly Making Preparations for the Second National Industrial Survey." In accordance with the circular's guidance, all regions and departments concerned have accomplished a great deal of work, achieved significant success, and accumulated the needed experiences in the past 2 years. On the whole, preparations have been made for the industrial survey and a relatively sound foundation has been laid for carrying out the survey during the first quarter of 1986.

The document points out: The main problem at present is the highly uneven development of the work preparing for the survey. The survey organs of some localities and departments are weak, having not enough proficient backbone personnel.

The document maintains that the workload of the survey will be very heavy in 1986 as results are to be expected that year in examining, processing, and analyzing the information collected in surveying industrial enterprises. The document urges all localities and departments to properly fill out the survey forms, review the information before accepting the forms, exercise overall quality control over the survey, process and report the survey information with a scientific approach, attach great attention to analyzing the information collected in the survey, make proper forecasts, and pay attention to reviewing the results and commending those who do a good job.

According to the document, the upcoming survey will cover all industrial enterprises, including all state-owned, collectively owned, and individually owned industries in cities and rural areas, as well as all industrial enterprises operated jointly or cooperatively by China and foreign countries, or funded by foreign capital. Since there will be a lot of work to be done, the following issues must be resolved:

First, the survey's importance must be fully understood. Second, a system of responsibilities should be adopted. Heads of leading survey groups at all levels must be responsible for the survey in their regions, departments, and enterprises, and they must accomplish all the tasks qualitatively on schedule according to the plan and regulations of the National Industry Survey Leading Group. Third, in accordance with the principle of economization and ensuring normal operation, financial departments of the people's governments at all levels should make sure that the financial resources needed in the survey are included in the annual fiscal budgets. Fourth, all organs in charge of the survey must seek truth from facts and report the situation factually so as to ensure the survey's accuracy. Fifth, all survey organs should work in close coordination with the publicity departments, and publicize the survey in a widespread and deep-going manner so as to make it known to all enterprises and people, and win the support of the broad masses of industrial workers. The survey organs of government and competent authorities at all levels must exert concerted efforts, divide their responsibilities rationally, and work cooperatively to accomplish all the survey-related projects.

/6091

CSO: 4006/390

9 January 1986

ECONOMIC PLANNING

BRIEFS

MORE INDIVIDUAL TRADERS NEEDED--Beijing, 4 December (XINHUA)--Ren Zhonglin, director of the State Administration for Industry and Commerce, today stressed the need for more individual traders, especially those engaging in service trades. At a national conference on the management of advertisement and trade marks, now in session here, he said that, despite the increasing numbers of individual traders, tailoring, repair work and transportation still fall far behind the demand. He called on all the local bureaus under his administration to help the development of individually-owned businesses. By the end of September this year, there were 11,224,000 households nationwide managing their own businesses. The development of individually-owned businesses has spurred commodity markets both in urban and rural areas, he said. According to surveys of the nation's typical markets, the market trade volume in the first half of this year increased by 65.5 percent, compared with the same period last year. [Text] [Beijing XINHUA in English 1603 GMT 4 Dec 85 OW] /12913

CSO: 4020/130

AGGREGATE ECONOMIC DATA

BRIEFS

TIANJIN RETAIL SALES--Along with production development, the industrial product markets in Tianjin municipality have enjoyed a brisk business, resulting in the steady upgrading of the people's consumption standards. According to statistics compiled by the First Municipal Commerce Bureau, during the January-October period this year social retail sales showed a more than 36-percent increase over the figure of the corresponding 1984 period. During the January-September period this year sales of television sets showed a more than 24-percent increase over the figure of the corresponding 1984 period. Of these sales, the sale of color sets showed a more than 55-percent increase. The sale of refrigerators showed a more than two-fold increase and that of recorders, more than a 50-percent increase. [Excerpts] [Tianjin City Service in Mandarin 1430 GMT 20 Nov 85 SK] /6091

CSO: 4006/393

ECONOMIC MANAGEMENT

YUNNAN CIRCULAR ON CONTROLLING SPENDING OF PUBLIC FUNDS

HK040949 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 2 Dec 85

[Text] The provincial people's government recently issued a circular on preventing a rush to spend money at the end of the year and around New Year's Day and the Spring Festival to all prefectures, autonomous prefectures, cities, and counties throughout the province and to all departments, bureaus, committees, and offices at the provincial level.

The circular demands:

1. It is necessary to strictly control the scale of investments in fixed assets. All prefectures and departments must really implement the relevant regulations of the state and the general office of the provincial government on control over the scale of investments in fixed assets. It is essential to accelerate completion of projects which are covered by the plans and have already been started. Projects which are covered by the plans but have not been started must not in general be started before the end of this year. Regarding those which must be started, it is imperative to submit a report for approval in accordance with the regulations. All projects not covered by the plans must be steadfastly suspended.
2. It is essential to resolutely curb the malpractices of indiscriminately issuing bonuses, subsidies, and materials. In the festive activities, it is necessary to have only a cup of tea and to strictly prohibit spending public funds by indulging in unhealthy trends, such as dinners, gifts, extravagant eating and drinking, and traveling high and low enjoying the sights of mountains and rivers. It is imperative to avoid the emergence of the phenomenon of not having consumption funds under control at the end of the year and around New Year's Day and the Spring Festival.
3. It is imperative to really control financial expenses. All operating expenses, special funds, and funds for purchasing equipment must be spent in accordance with the regulations and uses. They must not be spent under pretexts such as using allocation to effect a payment. The quotas for the administrative expenses and for the purchasing power of a group must be strictly controlled. The examination and approval of 17 commodities under special control must be stopped before the end of this year.

4. Control over commodity prices must be strengthened. In accordance with the relevant regulations of the provincial government, all prefectures and departments must resolutely strengthen control over and supervision and inspection of the commodity prices.

5. It is necessary to do a good job in the management of credit.

In the circular, the provincial people's government demands: After receiving this circular, all places and departments must supervise their subordinate units and instruct cadres and workers to stop what is prohibited by orders and to seriously carry out what is demanded by this circular as the basis of carrying out large-scale inspection of taxation, financial affairs, credit, and commodity prices.

/6091

CSO: 4006/393

ECONOMIC MANAGEMENT

GANSU RADIO COMMENTARY ON APPORTIONING EXPENSES

HK061154 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 3 Dec 85

[Commentary by station reporter: "It Is Necessary to Immediately Stop the Irrational Apportioning of Expenses"]

[Text] In the recent major inspection of taxation, financial affairs, and commodity prices, it has been discovered in many enterprises and institutions that the current phenomenon of irrationally apportioning expenses is very serious and that the enterprises cannot bear the burdens. They have appealed that except for the taxes and charges imposed on the enterprises with the approval of the State Council and the Provincial Government, all expenses irrationally apportioned must be immediately stopped.

Over the past few years, all expenses irrationally apportioned have made the burdens of the enterprises excessively heavy and seriously affected the development of production in the enterprises.

According to an investigation of 20 large and medium-sized enterprises in Lanzhou, which was conducted by provincial departments concerned from January to September this year, these enterprises defrayed total apportioned expenses of 3.42 million yuan. Each person paid an average of 42 yuan. The proportion of this amount of expenses to the amount of attention increased by 100 percent compared with that of last year. The apportioned expenses came from all quarters in society. [passage indistinct] The expenses apportioned by some departments and units included those for town construction and for the holding of meetings. They asked for money and materials from the enterprises, ranging from tens to hundreds of thousands of yuan.

These burdens pressed on the enterprises and caused them financial difficulties. In addition, the work personnel of some departments imposed fines on enterprises, affecting the normal work of the leaders of the enterprises. On the other hand, excessively heavy burdens have been caused for the enterprises. If this is allowed to continuously develop, the enterprises will be deficient in capital, [words indistinct], and find it hard to renew machinery and carry out technological transformation. The attention of the provincial departments concerned has been drawn to this current serious problem. To solve this problem, departments at all levels must act in accordance with the system and not indiscriminately apportion expenses from the enterprises. Only by doing so can the burden of the enterprises be lightened and can development be speeded up.

ECONOMIC MANAGEMENT

LIAONING MEETING CALLS FOR PRODUCT QUALITY CONTROL

SK130553 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 12 Dec 85

[Excerpt] At a recent provincial meeting on product quality, the provincial planned economy commission stressed that it is necessary to strengthen macro-quality control and supervision while giving micro-flexibility to enterprises so that product quality can be improved fairly greatly.

The meeting noted: The quality inspection conducted since the beginning of this year showed that some localities and departments were very weak in macro-quality control and supervision, and failed to meet the needs in reform, opening to the outside world, and enlivening the economy. Major manifestations are: Quality control and supervision organs of economic commissions and relevant departments at various levels are not sound; attention has not been paid to the quality control and supervision of trades; some departments have not assigned any personnel to control and supervise the quality of their products; policies and the systems and methods for inspection of the quality control and supervision work are not perfect; there are no methods to control and punish sales of substandard goods, or any fake and shoddy products; and the work of quality supervision, especially by the masses and the public opinion, has not been carried out widely. Therefore, how to strengthen macro-quality control and supervision after product quality inspection to ensure the steady improvement of the quality of products is an important and very urgent task.

The meeting drew up and conscientiously discussed the stipulations, methods, and rules concerning strengthening of quality control and supervision. Vice Governor Zhu Jiazhen pointed out at the meeting: In the new situation of reform, opening to the outside world, and enlivening the economy, it is an important task for economic departments to persistently give prominence to improvement of product quality and to strengthen macro-quality control and supervision. Planned economy commissions at various levels and departments in charge of various trades and professions throughout the province should strengthen quality control and supervision. The system of spot checking should be applied to quality control and supervision. Problems that have been discovered should be solved bravely, and criticism and correction should be carried out if necessary. Plants that produce shoddy and substandard products should be dealt with sternly. They must never be tolerated, still less shielded. Some of them should suspend their production for improvement, and their leading persons should be held responsible.

/9274
CSO: 4006/422

ECONOMIC MANAGEMENT

934 CASES OF SMUGGLING CRACKED IN ZHEJIANG

HK111510 Beijing ZHONGGUO XINWEN SHE in Chinese 0255 GMT 10 Dec 85

[Text] Hangzhou, 10 Dec (ZHONGGUO XINWEN SHE)--Zhejiang cracked 934 cases of smuggling and selling smuggled goods between January and September 1985. The smuggled goods and materials detained include motor vehicles, motor-cycles, television sets and silver and tin ingots, with a total value of 38.21 million yuan.

As one person concerned disclosed, a small number of organs, enterprises and institutes in Zhejiang directly participated in smuggling and selling smuggled goods by taking advantage of their positions. Zhejiang cracked 112 major cases involving over 10,000 yuan between January and September 1985, of which 88 cases were committed by government organs and enterprises and institutes, involving 37.21 million yuan. This accounted for 89 percent of the total amount of money involved in all the cases.

It has been revealed that these activities of smuggling and selling smuggled goods were conducted under the pretext of reform, opening up, and invigorating the economy, and carried out under all kinds of "legal" pretexts. Without sanction, the people involved illegally purchases and resold duty-free imported goods and materials from the special economic zones and Hainan Island. They resold duty-free imported raw and supplementary materials under the pretext of processing used imported raw material. They secretly transported smuggled goods on land and water by camouflaging, submitting false reports, and altering papers in order to escape the examination of anti-contraband personnel. They also went as far as to directly collude with unlawful foreign businessmen in smuggling involving huge sums.

/9274

CSO: 4006/422

ECONOMIC MANAGEMENT

NOTARIZATION MEETING OF RURAL ECONOMIC CONTRACTS

GW100130 Beijing XINHUA Domestic Service in Chinese 1443 GMT 9 Dec 85

[Excerpts] Zhengzhou, 9 Dec (XINHUA)--A national exchange-experience meeting on notarization of economic contracts in the countryside was held in Zhengzhou 4-9 December. The meeting studied the tasks and requirements added to notarization work resulting from numerous systems of economic co-operation and the overall readjustment of the industrial structure in the countryside. It also discussed the scope and major area of notarization of rural economic contracts and how to improve notarization work in order to provide quality legal service for economic construction in the countryside.

This is the first meeting on notarization work in the countryside since the notarization system was restored and the first such meeting since liberation.

Incomplete statistics show that from 1983 to the middle of this year, as many as 3.7 million notarization papers were done on rural contracts. The 1984 notarization volume was 80 percent over that in 1983. The fulfillment rate of notarized economic contracts was markedly higher.

The meeting called for still better notarization work in the countryside to fundamentally solve peasants' difficulties in obtaining notarization and to render still better legal service to them by way of promoting the development of the rural economy.

/9274

CSO: 4006/422

ECONOMIC MANAGEMENT

ECONOMIC COMMISSION REPORTS INSPECTION RESULTS

OW041957 Beijing XINHUA in English 1831 GMT 4 Dec 85

[Text] Beijing, December 4 (XINHUA)--A nationwide quality inspection indicates that 87 percent of industrial products are up to standard now, according to the State Economic Commission.

The commission reported that 95 percent of the brand products remain stable in quality.

The facts show that the inspection has checked the downward trend of product quality which began to loom seriously in the fourth quarter of 1984, according to the commission.

The commission has sent 16 quality inspection groups to 14 provinces and municipalities since April this year. They checked about 100,000 enterprises and 70,000 varieties of products.

More than 2,000 enterprises have been penalized for poor quality, and some products have had their licenses revoked.

The quality inspection teams also cooperated with local governments to clamp [as received] down on people who produced or marketed fake-brand or shoddy goods.

But, a spokesman of the commission stressed, inspection alone cannot solve the quality problem.

He urged enterprises to improve quality by relying on technological progress, correct economic policy and scientific management, and a strict monitoring system.

/8918
CSO: 4020/123

ECONOMIC MANAGEMENT

FRG DIRECTOR OF WUHAN PLANT ON EFFICIENCY

OW071422 Beijing XINHUA in English 1214 GMT 7 Dec 85

[Text] Wuhan, December 7 (XINHUA)--Chinese enterprises should strengthen the central decision-making role of the plant director, according to Werner Gerich, the first foreign executive in a Chinese factory.

Gerich, 66, from the Federal Republic of Germany, said that too many deputies led to inefficiency and bureaucratic delays.

Gerich, who took over directorship of the Wuhan diesel engine plant 13 months ago, was addressing 300 local factory executives at a meeting here Friday.

He suggested that a plant like his, with a workforce of 2,000, needed one director and just one assistant. And no deputy workshop or office heads were needed.

At present, the plant has five deputy directors, and each workshop or office has a leader and several deputies.

When there are too many deputies, he said, there would be "ball-kicking"--people shoveling their responsibility onto others.

Without deputy posts, he said, the director can better exert leadership over management, technology and product quality.

He has outlined a plan to improve management and product quality of his plant, which would be carried out next spring when he returns from a holiday in Federal Germany.

Since he became plant director in November, 1984, the reject rate of castings has been reduced from 38 percent to 18 percent, and economic efficiency has risen by 250 percent.

He said: "Most of the managerial and technical problems in my plant have been solved through 13 months' arduous work."

Last April, Gerich was granted honorary Chinese citizenship for his contributions to the plant.

/8918

CSO: 4020/123

ECONOMIC MANAGEMENT

PRC STATE ECONOMIC COMMISSION TO ISSUE CIRCULAR ON RURAL ENTERPRISES

HK110825 Beijing CHINA DAILY in English 11 Dec 85 p 1

[By staff reporter Chen Guanfeng]

[Text] Rural enterprises, which have played an important role in promoting the country's economy since they began to mushroom in 1979, are to get further encouragement.

At the same time, the state will take strict measures to help them improve product quality, and reduce pollution, according to a State Economic Commission circular to be issued soon.

"The development of rural enterprises is the only way to vitalize the country's rural economy," the circular states.

Therefore, the forthcoming circular says, the party's Central Committee is actively supporting and rationally guiding rural enterprises as a long-term policy.

There are now 4.5 million rural enterprises in the country, employing nearly 40 million people.

Rural development is enriching the state's coffers. Last year, rural enterprises' output was worth 171-million yuan equal to the state's total output value in 1964.

The state received 27.7 billion yuan in tax revenue from rural industries between 1979 and 1984, and is expecting 12 billion yuan this year.

In just one area of Jiangsu Province, for example, there are now 1,721 township businesses in Qidong County, nearly three times as many as at the beginning of the Sixth Five-Year Plan.

Their output value is 70 million yuan, a three-fold increase, and profits are now 36 million yuan, a two-fold increase.

An industrial and economic base is forming in light industry, textiles, food-stuffs, engineering, electronics, chemicals, medical services, building materials and ship-building.

Due to the lack of unified planning and outdated equipment, however, the products of many rural enterprises are of poor quality and cases of slipshod production, scamp work and fabrication of name-brand products often occur.

And some enterprises have been manufacturing goods forbidden by the state, according to reports in PEOPLE'S DAILY.

To improve the situation, the State Economic Commission urges in the forthcoming circular that all departments in charge of rural enterprises should set up quality control branches to manage and supervise the quality of the products of rural enterprises, conduct quality contests, and issue production licenses to qualified enterprises.

An inspection will be conducted next year on enterprises producing foodstuffs, medicine, electronics, pressure containers, measuring instruments and vehicles to see whether they are operating in accordance with relevant state laws.

If not, they will be closed down until improvements are carried out.

The circular also says that no enterprises will be allowed to deliver sub-standard quality products, use poor raw materials and parts in production, sell illegally-produced goods, employ fraud or counterfeit trade marks.

Enterprises will be expected to have quality inspectors and quality-checking instruments.

Leaders of enterprises that act contrary to these directives will be disciplined, the circular warns.

/8918
CSO: 4020/123

ECONOMIC MANAGEMENT

PRC CLAMPS DOWN ON ILLEGAL BUSINESSES

HK050717 Beijing CHINA DAILY in English 5 Dec 85 p 1

[By staff reporter Nie Lisheng]

[Text] While the nation's economy is rapidly expanding, China has begun to tighten regulations on starting new businesses to ensure the smooth progress of its economic reforms.

By the end of September, 8,741 businesses opened in recent years by party and government agencies were closed down in a nationwide investigation that began at the start of the year.

In the 9-month period, the state uncovered more than 27,000 "illegal" enterprises, involving more than 67,000 party and government cadres, said Director Ren Zhonglin of the State Industrial and Commercial Administration.

During the same period, the number of private businesses increased by 1.88 million to reach 11.2 million, employing 16.6 million people, 3.67 million more than last year, while business volumes at free markets jumped by an estimated 60 percent.

Ren was speaking at the National Conference on Advertising and Trademarks that closed yesterday in Beijing.

He said the practice of party and government agencies running businesses has been checked, since officials often succumbed to the opportunity of using their power and positions for profiteering.

Now 90 percent of the cadres or officials involved have severed their connections with about 15,000 businesses, which are now operated independent of party and government involvement, Ren added.

To further strengthen industrial and commercial administration next year, Director Re said, the state will investigate more than 200,000 so-called "trade companies" or "trade centres" that have mushroomed in recent years following the state's new policies to invigorate the domestic economy.

Although most of these companies have played an active part in promoting production and facilitating the flow of goods, Ren said, many have been found to be bogus firms that have no capital, no business sites or no permanent personnel but have engaged in speculation and profiteering by signing empty contracts for capital goods and durable consumer goods in short supply.

In the first half of next year, he said, the state plans to re-register all these companies or centres to stop illegal profiteering.

For this, he said, the State Council has approved a document, specifying 24 important capital goods and consumer goods in short supply that must be handled only by state-run production and commercial units, not collective and individual businesses.

And in an effort to protect the interests of private consumers, the director said, China's only consumers association has been asked to establish local branches in all major cities throughout the country to handle consumers complaints about commodities or services.

/8918
CSO: 4020/123

ECONOMIC MANAGEMENT

BRIEFS

LICENSES TO BE REVOKED--Beijing, 4 December (XINHUA)--The licenses of all companies engaged in speculation or unable to conduct legitimate business--the so-called "briefcase companies"--will be revoked. This was released today by Ren Zhonglin, director of the State Administration for Industry and Commerce, at a national conference on the management of advertisement and trade marks, now in session here in Beijing. There are now more than 200,000 companies of various kinds in the country. Most of them, Ren said, are doing good jobs and helping to promote production and enliven the economy. But he pointed out that some companies--the "briefcase companies" in particular--are in apparent conflict with the state laws and regulations. They profiteer by speculating in marketable commodities which are in short supply, he said. "These actions," he continued, "disrupt the market and undermine the ongoing efforts to reform the economic structure." He said he expected the work of clearing out the fly-by-night companies would be completed in the first half of next year. [Text] [Beijing XINHUA in English 1442 GMT 4 Dec 85 OW] /12913

CSO: 4020/130

INDUSTRY

GUANGDONG EXPECTS BUMPER TOURISM FIGURES AT YEAR END

HK130505 Beijing CHINA DAILY in English 13 Dec 85 p 2

[By staff reporter Song Xihui]

[Text] Guangzhou--Tourism in Guangdong Province adjacent to Hong Kong is expecting a banner year, with the visitor count topping two million by the end of this month.

In the first 10 months of 1985, the province played host to nearly 1.6 million domestic and foreign visitors, a 4 percent increase over the same period a year ago. About half of the visitors came from abroad.

At a meeting held recently by the provincial tourist bureau, officials announced that 15 million travellers have passed through the province this year on route to other parts of China.

Gong Siguang, director of the bureau, said "Guangdong is a leader in quality and quantity of tourist facilities. Tourist projects using foreign funds have begun to show solid economic results."

New projects under construction or planned will increase the number of hotels in the province to 200 by 1990, with 100,000 beds, he said.

Gong, however, admitted that problems remain in development of a systematic tourism industry.

He said several places in the province have too many hotels, while others have too few. The number of medium-priced hotels is also inadequate, he said.

No more foreign amusement park facilities will be built because there are already too many, Gong said.

Meanwhile, speaking at the seminar on "the strategy of economic and social development in Guangzhou" late last month, Zhu Senlin, acting mayor of Guangzhou introduced the initial plan on the strategy.

With emphasis on light and textile industry and service trade, Guangzhou will step up development of foreign economic relations and trade, depending on industry and agriculture.

The city will boost production of meat, chickens, eggs, milk, fish, flowers, fruits and vegetables and pay attention to open inland market.

The city is to make full use of advant gas in light industry to produce more new consumer goods for the whole country.

/12913

CSO: 4020/131

INDUSTRY

NUMBER TWO AUTO PLANT REFORMS MANAGEMENT, RAISES OUTPUT

OW171256 Beijing XINHUA in English 1209 GMT 17 Dec 85

[Text] Wuhan, 17 December (XINHUA)--Management reform has enabled the number two motor vehicle plant, one of China's largest, to increase output by 10,000 units annually since it started mass production in 1978.

The plant, located in Shiyan, Hubei province, is expected to turn out 91,000 fuel-efficient "Dongfeng" five-ton trucks this year, 18 times the production level seven years ago, said plant executive Huang Zhengxia.

The figure is about a quarter of the country's automobile output this year, he added. Its "Aeolus" trucks are now exported to Southeast Asia and other developing countries.

The plant was chosen in 1979 as one of the first Chinese enterprises to receive greater decision-making powers over management and marketing. It now retains what is left after paying to the state a fixed amount of its profits, under what is known as "the system of responsibility for profits" introduced two years ago.

The plant is required to increase its annual output at a rate of five percent between 1983 and 1989, and profits to go to the state, at seven percent. As a result, Huang said, his plant is now able to draw on large amounts of profits to modernize work processes. The profits will come to 500 million yuan this year.

Previously, the plant had to turn over all profits to the state and apply to it for fund allocations, he said.

The Dongfeng Joint Automotive Industrial Corporation was launched four years ago to undertake specialized production by breaking regional and departmental barriers, said Huang, who is also the chairman of the corporation's board of directors.

The number two motor vehicle plant serves as the mainstay of the corporation, he added. To date, 117 factories across the country have joined the corporation and the number two plant has transferred technology to its partners. As a result, the joint corporation now builds 140 varieties of "Dongfeng" trucks.

The plant is now cooperating with a British firm in renovating gasoline engines, and co-producing diesel engine trucks with Renault of France, he said.

In addition, it has struck deals for introduction of designs and production technology with firms from Japan, the Federal Republic of Germany, Italy and the United States. It is also negotiating with foreign manufacturers on establishment of joint ventures and development of new models.

The plant has opened offices in New York, Hamburg, and Hong Kong to seek foreign cooperation and market its products

/12913

CSO: 4020/131

INDUSTRY

PRC FOOD INDUSTRY DEVELOPS AT RAPID PACE

OW161618 Beijing XINHUA in English 1532 GMT 16 Dec 85

[Text] Beijing, 16 December (XINHUA)--China's food industry has reached a new stage with its total output value jumping from the previous fourth among the country's industrial departments to third, behind those of machinery and textile industries. This was disclosed by Vice-Minister of Light Industry Kang Zhonglun this afternoon at a press conference.

According to him, the output value of China's food industry increased by 180 percent between 1978 and 1984.

Pan Yuren, deputy director of the food department under the ministry of light industry, told XINHUA the output of sugar, alcoholic drinks, canned food, soft drinks and other main items of food produced by his ministry has doubled during the past five years, while food for children and snacks have also enjoyed a rapid development.

As one of the few countries in the world that produces sugar both from sugarcane and beet, China produced 4,310,000 tons of sugar this year, standing as the sixth producer in the world. There are now 507 sugar refineries in the country and China has helped build more than 50 sugar refineries in other third world countries.

The period of the Sixth 5-Year Plan (1981-85), pan continued, was the period during which alcoholic drinks enjoyed the fastest growth since the founding of the new China in 1949. The output this year is estimated at 7,110,000 tons, an increase of 114 percent over 1980.

As the living standard of the Chinese people is improving, soft drinks have begun to appear on the table. According to incomplete statistics, the output of soft drinks in 1980 was 288,000 tons. Four years later, it soared to 800,000 tons and this year it is estimated to reach one million tons. Average annual consumption per capita in the cities has increased from 1.44 kg in 1980 to the present five kg.

However, Kang pointed out, food production is still several steps behind demand. More new sources and new varieties should be developed in order to make the food industry grow even more quickly, he said.

/12913

CSO: 4020/131

9 January 1986

INDUSTRY

PRC INCREASES RECYCLING OF WASTE MATERIALS

HK170447 Beijing CHINA DAILY in English 17 Dec 85 p 2

[By staff reporter Chen Zhisong]

[Text] China's rising consumption is being recycled back into productive use as salvage of waste continues to grow.

According to statistics from the State Bureau for Recycling of Waste Materials under the Ministry of Commerce, the country salvaged 3.13 billion yuan worth of waste materials during the first 10 months of 1985, a 43.4 percent increase over the corresponding period last year.

Ge Jianshui, a department leader of the bureau, told CHINA DAILY that "all collected waste materials are converted to industry use, providing a valuable repository of industrial materials." Waste handled through State channels this year will earn net profits of more than 430 million yuan, compared to 338 million yuan in 1984, Ge said.

Waste materials in storage at the end of October were valued at 795 million yuan. Salvaged materials fall into four categories: scrap iron and steel, metals, chemicals, and papermaking materials.

The recycling volume of paper-production materials in the first 10 months of the year was 1.9 million tons, a 2.7 percent increase over the same period last year.

State recycling of scrap iron and steel, waste metals and waste chemicals all dropped slightly because large amounts of those materials went into private collection channels.

Since 1981, China has allowed individuals to sell waste materials they collect directly to businesses.

/12913

CSO: 4020/131

INDUSTRY

ALUMINUM FRAME PLANT BEGINS OPERATIONS

HK160539 Beijing CHINA DAILY in English 16 Dec 85 p 2

[By staff reporter]

[Text] Guangzhou--The State's first fully-modernized aluminum frame plant officially began operations yesterday.

Guangdong Nonferrous Metal Processing Factory in South China has been a top priority co-operative project of China National Nonferrous Industry Corp and the province. Production facilities from the United States were paid for jointly by the Bank of China and foreign funds.

Located in the Shahe District of Guangzhou City, the factory covers an area of 95,000 square metres and has 800 employees. It is run on the compensation trade plan.

In December, 1982, the factory signed a contract with Merban Americas Corp of the United States to import a set of production equipment and technology at a cost of \$6.85 million. Imported facilities included a window and door assembly line, oxidating and colouring apparatus, extrusion set and testing system.

Total investment in the project was about 44 million yuan over the foreign funds for importation costs. Annual production capacity of alloy aluminum frame products is expected to be 3,260 tons. This will equal about 42,600 processed doors and windows.

Trial production began last December and the products have been well accepted in the markets both at home and abroad. Now the factory is planning the second phase of the project. After completion, gross output will reach 8,000 tons.

With the development of the State's economic construction, alloy aluminum frame products have been in great demand. Most of them are imported. According to Economic Information, products imported from other regions of the world total 20,000 tons per year over the past few years.

/12913
CSO: 4020/131

INDUSTRY

CHINA TO BOOST BUILDING MATERIALS INDUSTRY

OWO31751 Beijing XINHUA in English 1449 GMT 3 Dec 85

[Text] Beijing, December 3 (XINHUA)--Preliminary statistics show that China's total investment in the building materials industry will top three billion yuan this year, an all-time high since the founding of new China in 1949.

Lin Hanxiong, director of the State Administration of the Building Materials Industry, revealed this at a symposium here today.

Over three-fourths of the total investment came from local authorities and other central departments, in accordance with a call by the State Council earlier this year--"all quarters should be encouraged to go in for building materials."

The aim is to alleviate the contradictions between supply and demand of the materials and collect more funds to develop this industry as quickly as possible.

In responding to the call, the localities and other central departments allocated funds or collected money themselves to set up new enterprises and expand old ones, or import technology to upgrade the existing enterprises.

Lin said the total output value of the building materials industry is expected to reach 34 billion yuan this year, about 18 percent up on the previous year. Over 60 percent of the total output value will come from the enterprises run by localities and departments other than the State Administration of the Building Materials Industry.

Thanks to the joint efforts, the output of cement is expected to reach 140 million tons this year, flat glass, 55 million standard cases, and sanitary ware, eight million pieces; these are all increases by big margins.

Though the building materials industry has been developed rapidly, Lin said, it is still far from meeting the increasing demand.

According to calculations by the Ministry of Urban and Rural Construction and Environmental Protection, China will build about one billion square

meters of housing floor space on average each year up to the end of this century. A number of tourist hotels and other facilities will also be built each year during the period.

Lin said, taking all these things into consideration, in addition to the materials needed in rural areas and for renovating houses, the forecast of the 1990 requirements for major building materials is: 180 million to 220 million tons of cement, 90 million to 95 million standard cases of flat glass, 10 million to 11 million pieces of sanitary ware, and 300 billion to 320 billion bricks.

/6091

CSO: 4020/122

INDUSTRY

TEXTILE INDUSTRY UNDERGOES 'TRANSITION PERIOD'

OW111704 Beijing XINHUA in English 1513 GMT 11 Dec 85

[Text] Beijing, December 11 (XINHUA)--The textile industry's output value is expected to total 87.5 billion yuan this year, after increasing by an annual average of 8.3 percent since 1981, said an industry official.

Profits and taxes handed to the state during the Sixth Five-Year Plan (1981-1985) will be 20 percent higher than in the Fifth Five-Year Plan, said the official of the Textile Ministry.

During the past five years, the state has twice cut the sale price of synthetic fiber products, while increasing the price of both cotton and cotton products.

The Sixth Five-Year Plan period has been called a "transition period" by some ministry officials, as the industry has been switching its emphasis from merely increasing output to producing more varieties to meet market demand.

Nine billion yuan has been invested in technological transformation of existing factories during the period, exceeding the amount of investment in new plants.

The renewal of equipment and application of advanced technology has helped the industry readjust its structure to manufacture more popular items. This year, output of winter products, such as tweed and woollen blankets, is expected to double.

/6091
CSO: 4020/122

INDUSTRY

PRC LAGS BEHIND TARGET IN RECYCLING STEEL SCRAP

HK050805 Beijing CHINA DAILY in English 5 Dec 85 p 2

[Text] China should become more efficient in recycling waste iron and steel for industrial use, according to the newspaper ECONOMIC INFORMATION.

China's rapid industrial growth demands better use of waste materials to alleviate insufficient supplies of primary materials.

In the first half of this year, the country collected 1.17 million tons of scrap iron and steel, only 42 percent of the amount stipulated by the state. Poor collection has contributed to shortages of raw materials in major steel and iron factories.

Qiqihar Steel Factory in Heilongjiang Province and Daye Steel Plant in Hubei Province produced about 80,000 tons less steel than expected last July due to short supplies.

In China, many waste collection businesses have neglected the importance of scrap steel recycling. Some have even turned to other lines of business in order to make more profits.

Some businesses haven't followed regulations requiring them to sell waste iron and steel to the state, but barter instead with other businesses for steel products.

Ezhou City in Hubei Province, for example, turned over 281 tons of waste iron and steel to the state in the first five months of this year, only 18 percent of the quota set by the government. However, 3.6 million tons were used for the barter.

The number of small local iron and steel plants has been increasing dramatically in recent years. The plants have used large quantities of waste iron and steel that should have been distributed to major state-run factories.

Collection and distribution of waste iron and steel is under state control, but many iron and steel plants purchase waste metals through non-governmental channels.

The newspaper proposed that the government should stress enforcement of the regulations to guarantee proper collection and distribution of waste metals.

Collection of waste iron and steel should be undertaken only by designated businesses.

Distribution of steel to factories should depend on the quantity of iron and steel scraps those factories have turned over to the state.

The government should also tighten control over the number of new local steel plants to guarantee adequate supplies of waste metals to major steel businesses.

/6091

CSO: 4020/122

INDUSTRY

PETROCHEMICAL OFFICIAL ON INDUSTRY'S PROGRESS

OW042008 Beijing XINHUA in English 1613 GMT 4 Dec 85

[Text] Beijing, December 4 (XINHUA)--The China Petrochemical Corporation has refined 83.69 million tons of crude oil this year, an increase of 2.3 percent over last year.

The total output value has reached 30 billion yuan, and the profit, 14 billion yuan--9.4 percent and 10 percent, respectively, more than last year.

This was announced by Chen Jinhua, president of the corporation, here today at a meeting for directors and managers of the corporation's subordinate enterprises.

Chen attributed this success to the adoption of the management responsibility system in the industry.

The corporation has also given enterprises, especially the 14 large-scale enterprises which have an annual profit of over 500 million yuan, more authority to decide their own production, construction, operation and manpower, and material distribution operations, Chen said.

Eleven single projects have been completed and put into production; seven key construction projects are making good progress; two large-scale chemical fertilizer companies in Zhenhai, Zhejiang Province, and in Urumqi, in the Xinjiang Uygur Autonomous Region, and the second phase of the Shanghai petrochemical complex have been completed and gone into operation ahead of schedule, thus saving an investment of 100 million yuan, Chen said.

The corporation has signed 68 contracts on economic and technological cooperation with foreign enterprises, and has set up four joint ventures and two joint trade companies.

Compared with 1982, before the corporation was set up, output of refined oil has increased by 5.3 percent, going up to 78.83 million tons this year from 74.9 million tons; the total output value has gone up to 30 billion yuan from 23.1 billion yuan, an increase of 29.3 percent.

/6091

CSO: 4020/122

INDUSTRY

STATISTICAL BUREAU RELEASES LIGHT INDUSTRIAL FIGURES

OW101242 Beijing XINHUA in English 1235 GMT 10 Dec 85

[Text] Beijing, December 10 (XINHUA)--China's light industry has kept its momentum of development so far this year, according to the State Statistical Bureau today.

Its total output value had reached 374.7 billion yuan by the end of November, meeting the annual target and up 20.3 percent over the same period of last year.

Twenty-four of the 35 major products have already fulfilled their annual plans ahead of schedule, the output of bicycles, watches, television sets and cassette recorders having surpassed that of 1984.

The annual state plans for cotton yarn, cotton cloth, synthetic fiber, silk and woolen fabrics have been overfulfilled, with increases ranging from 4.3 percent to about 35 percent.

Big increases were reported in the production of beer, canned goods, dairy products and gourmet powder as well, the bureau said.

The annual plans for paper, chemical drugs and traditional Chinese patent medicine have also been fulfilled ahead of time.

The proportion of the light and heavy industries in China's total industrial output value went fifty by fifth in the first 11 months of this year, indicating a still better balance between the two major sectors of the national economy.

/6091
CSO: 4020/122

INDUSTRY

PRC TO STEP UP PIT SAFETY IMPROVEMENT DRIVE

HK090337 Beijing CHINA DAILY in English 9 Dec 85 p 1

[By staff reporter Hu Sigang]

[Text] The Ministry of Coal Industry is to step up its drive to improve pit safety and cut the death toll among the nation's miners as they work towards the target of pushing annual output to 1 billion tons by 1990.

Minister of Coal Industry Yu Hongen said yesterday pit safety would be given priority over the next five years as he announced a series of measures intended to make work in the mines less hazardous.

The minister told a national conference on the coal industry, which ended yesterday in Beijing, that the target throughout the Seventh Five-Year Plan (1986-1990) was to cut the death rate by 10 percent annually and the ultimate aim was to reduce the death toll as far as possible.

The number of people killed in mine accidents amounted to 40 percent of the total death toll in accidents in the country's industry, communications and transport, Yu said.

The minister described the overall safety situation in the country's mines as "intolerable". But he said the situation could be improved if proper measures were taken.

For instance, Yumuqiaozi Coal Mine in Huadian County, Jilin Province and Guanyunhuli Coal Mine, Lianyungang City, Jiangsu Province, have kept a fatality-free record since 1975.

Baishan Coal Mine in Hunan Province is one with poor geographic conditions and high frequency of violent gas escapes. In 1981, the death rate of per million tons of coal output in that mine was 23 persons. But since January this year no one has died in an accident there, Yu said.

Gas or coal-dust explosion is one of the major causes of accidents. All coal seams being cut in China contain gas.

Other major causes of accidents are cave-ins and floods. Cave-ins still account for more than 40 percent in the total mine accidents. From 1955 to

1985 there were 773 recorded floods with 222 pits inundated and coal production reduced by 100 million tons.

The ministry will endeavour to introduce more advanced safety equipment in the next five years, according to Yu. Though advanced facilities were of primary importance to improving safety and increasing production, emphasis would be put on strengthening scientific management and training of coal miners, the minister said.

/6091

CSO: 4020/122

INDUSTRY

42 PERCENT OF MAJOR INDUSTRIALS PASS TARGETS

OW100900 Beijing XINHUA in English 0853 GMT 10 Dec 85

[Text] Beijing, December 10 (XINHUA)--Out of China's 100 major industrial items, 42 had already attained their annual production targets by the end of November, according to a release provided by the State Statistical Bureau here today.

They include metal-cutting machine tools, motor vehicles, small tractors, locomotives, internal-combustion engines, micro-computers, gasoline, diesel oil, machine-made paper and paperboard, cement and plate-glass.

The light and textile industries have developed at high speed since the beginning of this year; the total output value of light industry in the first 11 months registered an increase of 20.3 percent over the same period of last year, outstripping the annual plan one month ahead of schedule.

Many light industrial goods and textiles such as television sets, tape recorders, wrist-watches, bicycles, chemical fibers, cloth, silk, wool fabrics, cigarettes, beer and synthetic detergents have overfulfilled their annual production plan quotas by wide margins.

Runaway industrial growth in the first half of this year has slowed down gradually in the past five months. The national industrial growth rate in November was 8.8 percent more than in the same month last year.

At the same time, energy production has maintained a good momentum. In the first 11 months, the output of coal, crude oil and electricity rose by 10.6 percent, 9.3 percent and 8.8 percent, respectively, as compared with the same period of last year.

/6091

CSO: 4020/122

9 January 1986

INDUSTRY

BRIEFS

JIANGXI KENAF PAPER MAKING--Nanchang, 6 December (XINHUA)--Jiangxi Province has succeeded in using Kenaf (Java Jute) stalks to make paper pulp, instead of timber. The technique, which has passed a technical appraisal, will help ease China's timber shortage, according to the Jiangxi Youngfeng Paper-Making Factory, where it was developed. The Kenaf stalk pulp can be used to produce Manifold and Kraft paper. In rural China, Kenaf stalks are usually burned as fuel. [Text] [Beijing XINHUA in English 0826 GMT 6 Dec 85 OW] /12913

TITANIUM INDUSTRY'S PROSPECTS BRIGHT--The titanium industry faces bright prospects, according to the newspaper ECONOMIC INFORMATION. Production of titanium-based products for civilian use has registered an annual growth rate of 49 percent over the past four years. Equipment manufactured with titanium alloy is used in 60 industries, including petrochemicals, salt-making, seawater-desalination and offshore oil development. China is rich in titanium, but it accounts for only 2 percent of world consumption. In an effort to increase use of titanium, preferential treatment has been given to producers. In 1983, the price of titanium materials was reduced by 20 percent and products were exempted from taxes for three years. [Text] [Beijing CHINA DAILY in English 14 Dec 85 p 2 HK] /12913

CHEMICAL INDUSTRY EXPANDS--Beijing, 16 December (XINHUA)--China's chemical industry production is estimated to have achieved an average annual increase of 7 percent during the Sixth 5-Year Plan period (1981-1985), the Minister of Chemical Industry, Qin Zhongda said today. Qin said during the period, industry profits will reach 43 billion yuan with 30 billion yuan turned over to the state as taxes. The output of principal chemical products will meet or exceed the targets, he said. The total output value of the chemical industry in 1985 is expected to reach 49 billion yuan, Qin said. Many new chemical products have been developed during the Sixth 5-Year Plan period. A total of 156 kinds of new materials were used in the launching of the communications satellite, and 19 prizes have been awarded by the state for scientific research in the field. Some of the chemical products, which were formerly imported, can now be made in China, he added. The chemical industry produces 300,000 tons of pesticides and 70 million tons of fertilizer annually for agriculture. [Text] [Beijing XINHUA in English 0825 GMT 16 Dec 85 OW] /12913

IRON, STEEL OUTPUT RISES--Beijing, 17 December (XINHUA)--China's metallurgical industry has overfulfilled the annual plan quotas of rolled steel, steel and iron, according to the metallurgical industry ministry. The output of rolled

9 January 1986

steel, which has been in short supply for a long time, will amount to 37 million tons by the end of this year. The state quota was met 2 December. Steel output hit the plan quota 17 days ahead of schedule, and is expected to reach 46.5 million tons this year. The year's output of pig iron amounted to 41 million tons last Sunday, eight percent more than in the same period last year. As metallurgical enterprises have streamlined their management and cut consumption of materials, the output of rolled steel showed a 9.3 percent growth by the end of November, while steel output increased seven percent. Metallurgical enterprises yielded 10 billion yuan in taxes and profits in the first nine months, a 25 percent growth. It is estimated that they will earn a total profit of 12.8 billion yuan. [Text] [Beijing XINHUA in English 0856 GMT 17 Dec 85 OW] /12913

MOTOR ASSEMBLY LINE--On 10 November, a ceremony was held at the Xingtai (Changzheng) Automobile Plant, Hebei Province, to mark the opening of the T-815 engine assembly line jointly produced by China and Czechoslovakia. Attending the ribbon-cutting ceremony were the ambassador of Czechoslovakia in China; Zhu Rongji, vice minister of the State Economic Commission; and Ye Liansong, vice governor of Hebei Province. The annual production capacity of this assembly line is designed at 1,000 engines. With a loading capacity of 15.4 tons, the T-815 engine will be applicable to forestry development, coal mining, harbor construction and the metallurgical industry. With the majority of the parts provided by Czechoslovakia beginning this year, and with a gradual technical transfer, the T-815 engine production line will be exclusively run by China in 5 years. [Summary] [Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 10 Nov 85 SK] /6091

TIANJIN INDUSTRIAL PURCHASING--Enterprises under the First Commerce Bureau of Tianjin Municipality have brought about a seldom seen situation in industrial commodity purchases for the January-September period this year. Their total purchase volume showed a more than 26-percent increase over the figure of the corresponding 1984 period. The proportion of wholesale or retail firms that have directly purchased products from plants has increased. During the January-October period this year the three large department stores in the municipality purchased 75 percent of their commodities directly from the plants. The purchase of fine-quality and famous trademark commodities and of the people's daily necessities also showed a larger increase over the figure of the corresponding 1984 period. [Excerpts] [Tianjin City Service in Mandarin 1430 GMT 20 Nov 85 SK] /6091

CEMENT PRODUCTION--Beijing, December 9 (XINHUA)--China produced 130 million tons of cement in the first 11 months of this year, the overseas edition of the "People's Daily" reports today. The figure tops this year's quota by five million tons and last year's output by seven million tons, the paper says. The country's cement production is expected to exceed 140 million tons by the end of December. The paper attributes the increase to the government policy of encouraging all sectors--the state, localities and rural townships--to operate cement factories. Existing cement plants have mechanized 450 kilns this year. Meanwhile, major plants using imported or domestically-produced equipment have gone into operation. China now has more than 2,000 township-run cement plants, with a total annual production capacity of 18 million tons. [Text] [Beijing XINHUA in English 0711 GMT 9 Dec 85 OW] /6091

CSO: 4006/394

CONSTRUCTION

STATE PLANNING COMMISSION STRESSES KEY PROJECTS

OW081853 Beijing XINHUA Domestic Service in Chinese 0220 CMT 8 Dec 85

[Text] Beijing, 8 Dec (XINHUA)--Putting emphasis on key construction projects to accumulate the necessary follow-up capacity for economic development in the 1990's is an important strategic task. In view of this, a responsible person of the State Planning Commission pointed out: At present, while we are keeping the scope of investments in capital construction under strict control, we must repeatedly emphasize the necessity of guaranteeing key construction projects and devote ourselves to increasing the beneficial results of investments.

At the national discussion meeting on the reform of the management system of building industry and capital construction, which is being held in Beijing, this responsible person said: This year has seen construction projects on too large a scale. Too many local key projects have been under construction. As a result, large amounts of funds have been spent and building materials used. This has hampered the construction of key state projects. All departments and the authorities in all localities must conscientiously prioritize projects now under construction and make an overall arrangement for all projects in accordance with the State Council's quotas for investment control. In 1986 and 1987, no new projects will start without special approval. In addition, in drawing up the 1986 plan, all planning departments must consider supplying on a priority basis funds and materials for key state projects that will produce great beneficial results and have good conditions for construction. There must be no gaps left on key projects. Nobody is allowed to use general projects to squeeze out key projects. No departments, no authorities anywhere, and no units may allocate for general projects funds and materials already allocated for key projects.

The responsible person of the State Planning Commission called for responsible persons of departments concerned and localities to personally grasp key construction projects, conduct on-the-spot investigation and study, supervise and examine work, call on-the-spot meetings, and coordinate to solve construction questions in good time. Departments concerned in places where key projects are under construction must grasp the construction of key projects as the most important task of local capital construction and organize all forces to strongly support the construction. Departments in

charge of the projects must coordinate closely with local governments. Communications and transport, power supply, materials, commercial, and other departments and enterprises that supply equipment and materials needed for the construction of key projects must also be eager to help so that the construction of key projects can be guaranteed. Key project construction units must devote their efforts to raising the construction standard and putting an end to waste.

The responsible person of the State Planning Commission emphatically pointed out: Thanks to reforms, beneficial results from China's capital construction investments in recent years have increased. However, there is still large potential for economizing in investments. In the future, we must establish an assessment system for making policy decisions on projects, thereby strengthening the scientific nature of policy decisions. Research reports on feasibility of large and medium-sized construction projects, including key projects, and the design of large projects must first be assessed by engineering consultative companies designated by the state before they are listed in the construction plan.

/6091

CSO: 4006/394

CONSTRUCTION

LARGEST DETERGENT MATERIAL PLANT IN OPERATION

OW161854 Beijing XINHUA in English 1833 GMT 16 Dec 85

[Text] Kunming, 16 December (XINHUA)--The Kunming Sodium Tripolyphosphate Plant, China's largest, began production after passing an appraisal of its first phase project today.

Sodium tripolyphosphate is a material for producing washing powder, which China imports in large amounts.

A local official said the completed project has a total annual capacity of 30,000 tons of yellow phosphorus and 120,000 tons of sodium tripolyphosphate. When it is completed next year, it will basically meet China's needs for sodium tripolyphosphate to produce detergents.

The plant, in the suburbs of the Yunnan provincial capital of Kunming, began construction in 1980 and used a state investment of 570 million yuan. It can now produce 30,000 tons of yellow phosphorus, 70,000 tons of sodium tripolyphosphate and 2,500 tons of detergents annually.

The plant's principal equipment was imported from Federal Germany.

Yunnan province has an estimated reserve of more than 20 billion tons of high-grade phosphate ore. More than 1.9 billion tons have been verified around the Kunming area.

The province has 25 phosphate mines with a combined annual production capacity of 3.5 million tons of phosphate ore, one fourth of China's total output.

Two hydroelectric power stations with a combined generating capacity of 2.1 million kw are planned to be built in the next five years to help exploit the province's phosphate resources.

/12913
CSO: 4020/131

CONSTRUCTION

URBAN CONSTRUCTION DEVELOPS IN PLANNED WAY

OW161636 Beijing XINHUA in English 1435 GMT 16 Dec 85

[Text] Beijing, 16 December (XINHUA)--China's urban construction has emerged from the disorder caused by the ten years of the turmoil of the "cultural revolution" (1966-76) and has been developing in a basically planned way over the past five years, according to a senior Chinese official.

Over 90 percent of Chinese cities and 70 percent of the county towns have worked out overall development plans for urban construction. All rural villages and small towns, which had no construction plan before, are expected to have them by the end of this year, Lian Zhong, vice-minister of Urban and Rural Construction and Environmental Protection, told a national meeting on construction, which opened here today.

Planning has resulted in rational layout and saving of land, the vice minister said.

With the rapid development of housing in the Sixth 5-Year Plan (1981-1985), housing is expected to average about five square meters per urban resident and about 15 square meters per rural resident by the end of the year. Thirteen percent of rural housing consists of multi-story buildings, the vice minister said.

The construction enterprises under the ministry are expected to produce an output value of 162.3 [words indistinct] year plan, with an annual growth rate of 16.1 percent.

/12913

CSO: 4020/131

CONSTRUCTION

MEETING URGES URBAN CONSTRUCTION MANAGEMENT

OW040053 Beijing XINHUA Domestic Service in Chinese 0204 GMT 2 Dec 85

[By reporters Wang Weizhong and Zhou Zhengping]

[Text] Fuzhou, 2 Dec (XINHUA)--How to manage and use limited urban construction funds effectively is a question needing a quick solution. This is the consensus of the participants to a meeting on summing up experience of auditing the urban construction funds of six cities. The meeting was held in Fuzhou in late November.

The meeting was held after the financial, urban construction, and auditing departments completed a 4-month audit of the urban construction funds of Wuhan, Zhengzhou, Jinan, Xian, Shijiazhuang, and Changzhou cities. The participants held that it is necessary to ensure better management and use of urban construction funds, because our present urban maintenance and construction are lagging behind, and urban facilities cannot satisfy the needs of economic development and the people's livelihood.

The audit has discovered that the biggest current problem concerning urban construction funds is the lack of coordination between management and use. The urban construction department has no power to prevent the collecting agencies from collecting and delivering less funds, nor does it have the power to prevent the financial department from appropriating less. For this reason, the 6 cities received 30 million yuan less urban construction funds last year than they were entitled to. The audit also discovered that 14 organizations diverted urban construction funds to other purposes. Zhengzhou city in Henan Province successively lent more than 10 million yuan of urban construction funds, or 34 percent of its annual total, to 25 organizations for other than urban construction purposes. Because urban construction funds are appropriated by the finance department directly to construction engineering units, urban construction management organizations sometimes do not even know how much money is at their disposal, and therefore cannot formulate an overall urban construction plan.

The participants made the following suggestions on how to use urban construction funds properly:

--Urban construction funds should be managed by the city urban construction committee after they are collected and delivered to the treasury by the tax department under the supervision of the finance department according to regulations, while construction projects are subject to examination and approval by the city planning committee.

--The financial management and supervision of urban construction funds should be improved. The city finance bureau and the city auditing bureau should exercise overall supervision over the collection, use, and management of urban construction funds. The urban construction committee should formulate plans in accordance with financial regulations, and the finance bureau should transfer and place the funds for approved construction projects under the management of the urban construction committee.

--The malpractice of "sharing food from the same big pot" in urban construction funds should be corrected, and the city departments concerned should take responsibility for proper use of the urban maintenance funds earmarked to them. All urban construction projects should be subject to open tender. Strict procedures for budgeting, final accounting, and checking completed projects before acceptance should be established to ensure the use of urban construction funds to their specific purposes.

/6091

CSO: 4006/394

CONSTRUCTION

MORE HOUSING TO BE BUILT UNDER NEXT 5-YEAR PLAN

OW171254 Beijing XINHUA in English 1155 GMT 17 Dec 85

[Text] Beijing, 17 December (XINHUA)--China plans to build a total of 750 million square metres of urban housing space in the next 5-Year Plan period (1986-1990), 130 million more than the Sixth 5-Year Plan period (1981-1985).

Lian Zhong, vice-minister of urban and rural construction and environmental protection, made this announcement while introducing the next 5-Year Plan about urban and rural construction to a national conference.

All the urban and rural construction plans for that period must be approved by China's National People's Congress, the highest legislative authority in the country.

In addition, the green space in cities will be enlarged to 30 percent of the total, he added.

The average urban living space per capita will be six square metres in 1990, with a green space of three to five square metres per capita, the vice-minister said.

In rural areas, he said, 700 million square metres of housing space will be constructed each year during the next five years, and the number of two or three-storey buildings will increase from the present 13 percent of the total to 20 percent.

Lian Zhong said strict attention must be paid to infrastructure construction in the cities. The water supply shortage in the city should be alleviated appreciably and efforts should be made to provide 50 percent of the people living in townships with running water.

Meanwhile, he continued, plans call for more than 40 percent of urban citizens to be able to use gas for cooking, and in cities such as Beijing and Tianjin, a gas supply for all residents should be achieved.

During the next five years, pollution control measures will be enforced for township enterprises while the improvement of the urban environment remains the top priority.

In order to guarantee that the urban and rural construction is done in a planned manner, the ministry will submit to the state a number of laws. These will include regulations governing land usage by enterprises jointly owned by Chinese and foreigners, and the registration of foreign building enterprises in the country.

/12913

CSO: 4020/131

CONSTRUCTION

PRC ENGINEERING CORPORATION EARNS GOOD NAME OVERSEAS

HK050751 Beijing CHINA DAILY in English 5 Dec 85 p 2

[By staff reporter Chen Zhisong]

[Text] The China National General Machinery Engineering Corporation, one of the 10 specialized engineering corporations under the Minister of Machine-Building Industry, has shown remarkable results since starting six years ago.

The corporation has so far undertaken more than 369 projects at home and abroad. According to the corporation's statistics, business worth 91 million yuan has been done over the past six years. More than \$16 million in foreign exchange has been earned for the state.

Li Rongqin, general manager, said that the enterprise had two main tasks. One is to contract project construction or complete production engineering, mainly in chemical and general machinery equipment lines; the other is to open domestic and international channels.

The corporation is currently involved in key state projects to provide water treatment plants for a hot strip steeling mill and a continuous casting mill in the second phase construction of the Baoshan Iron and Steel Complex at Shanghai.

Also under construction is a refrigeration plant for a textile factory in Nepal. Five such plants, four for the Bangladesh textile industry and one for a Thailand vermicelli factory, are being designed by the corporation.

Project agreements with 26 domestic factories, involving a combined turnover of 19.9 million yuan, have been signed by the corporation, all to be finished during the next five years.

The corporation is now also considering more exports of complete plants for the production of refined salt, rice and bran oil, polypropylene woven bags, cement and other chemical products, Li said.

The corporation has so far earned a good reputation for its overseas projects. Immediately after its establishment in 1979, it contracted to undertake refrigeration plant engineering for the largest Thai textile company.

The corporation has close links with many research units in the country. So far, 36 scientific research items and experiments on new product development have been done by the corporation.

To expedite foreign technology import and organize exhibitions for foreign products, the Hong Kong based General Machinery Development Company Ltd was founded in May 1985 by the corporation in conjunction with the China Everbest Machinery Enterprise Company Ltd in Hong Kong. In the same year, a Beijing office for the joint company was opened to promote trade.

/12913

CSO: 4020/131

CONSTRUCTION

BRIEFS

SHANGHAI'S RUI XINGWEN INSPECTS DISTRICTS--According to JIEFANG RIBAO and WEN HUI BAO, Rui Xingwen, secretary of the Shanghai Municipal CPC Committee, recently inspected 12 districts in the municipality to familiarize himself with the situation there and listen to briefings. He also gave instructions on civic work in the districts. During the inspection, Comrade Rui Xingwen paid close attention to the revamping of old districts and municipal construction. He said: One of the major tasks of urban governments at various levels is to do a good job in planning municipal construction. Comrade Rui Xingwen spoke highly of workers' housing built by the local community and [words indistinct] in Nanshi and Luwan Districts. He urged all districts to explore measures for further mobilizing the people in accelerating housing construction. He also praised the (Siping) neighborhood in Yangpu District for making full use of limited vacant lots in new residential areas by planting trees. Comrade Rui Xingwen also gave instructions on the work of neighborhoods, district party committees, and the district financial system. [Excerpts] [Shanghai City Service in Mandarin 2300 GMT 3 Dec 85 OW] /6091

RAPID DEVELOPMENT IN CAPITAL CONSTRUCTION--Beijing, December 6 (XINHUA)--China's electricity generating capacity has increased by nearly 20 million kilowatts in the past five years, 6.7 million kilowatts more than the target planned for the Sixth Five-Year Plan period. The State Planning Commission gave this as an example of the country's success in capital construction from 1981 to 1985. Other statistics given include: Crude oil production capacity has increased by 44 million tons, nearly ten million tons more than planned. The added coal production capacity is 85 million tons. Railways totaling 1,695 kilometers have been built, 1,700 kilometers doubletracked, and 2,300 kilometers electrified. Seaport cargo handling capacity has increased by 100 million tons in the five years. Four hundred million square meters of housing has been built for urban residents, 170 million square meters more than during the previous five years. China has signed contracts worth 4.2 billion U.S. dollars with 60 countries for construction projects and labor services abroad. [Text] [Beijing XINHUA in English 1145 GMT 6 Dec 85 OW] /6091

CSO: 4006/394

DOMESTIC TRADE

WUHAN STRENGTHENS ECONOMIC LINKS WITH COASTAL ECONOMIES

Beijing RENMIN RIBAO in Chinese 28 Oct 85 p 1

[Article by Sun Yuchang [1327 2768 2490] and Xu Jiaxuan [1776 1376 6693]:
"Wuhan Promotes Reform, Strengthens Horizontal Economic and Technical
Cooperation; Enterprises Develop New Spheres of Production Outside City"]

[Text] Plants and enterprises in Wuhan have taken the initiative of leaving the city to develop horizontal relations of economic and technical cooperation. At present, there are more than 640 integrated bodies and cooperative networks formed across regional and trade boundaries, with more than 2,000 enterprises and units participating. The industry of the city is beginning to present a new outlook of harmonious developments in the urban and rural areas.

In June last year, when Wuhan had opened the doors of its three towns [Hankou, Wuchang and Hanyang], there was quite an influx of products into the Wuhan market. The stern challenge from these products helped the local enterprises realize the need to develop new spheres of production outside the city. Therefore, Wuhan eagerly developed its horizontal economic links with other cities and between the urban and rural areas as an important step in promoting the city's reform, and actively created the necessary conditions for horizontal economic and technical cooperation.

One of the main characteristics in the joint operations and cooperation organized by the Wuhan enterprises was the breakout from the narrow confines of the meaning of expanded reproduction and to expand the radiation area of products through technical radiation. Wuhan No 2 Beverage Plant had a fine reputation, and the supply of aerated water it produced was always short of the demand. However, its development inside the city was hampered by the limited raw materials and worksites. By transferring its technical formula, this plant formed joint operations with 11 township enterprises outside the province and thereby expanded its productive capacity. This year, 6 of the jointly operated branch plants alone produced 20 million bottles of aerated water with an output value of 2.4 million yuan and taxes and profits totaling 840,000 yuan. Wuhan No 2 Beverage Plant also made a profit of nearly 200,000 yuan.

Breaking down the old convention of being "large and complete" and "small and complete," and developing competitive products through the proliferation of spare parts and accessories were other characteristics of the enterprises' joint operation. Refrigerators of the bolt [luogan 5828 2616] type, whose sales amounted to 85 percent of the total sales volume of that trade, is the main product of Wuhan Refrigerator Plant. To further strengthen itself, this plant distributed 105 different types of spare parts and accessories worth 8 million yuan among 53 enterprises inside and outside the province. In the first 8 months of this year, the output of bolt-type refrigerators increased 52 percent, and the taxes and profits increased 40 percent over the same period last year. The Wuhan Boiler Plant also distributed its products among small- and medium-size enterprises and then concentrated its labor and material resources on the trial manufacture of large high-parameter boilers which were urgently needed by the state. In so doing, the plant was meeting a social need as well as improving its own economic results.

The first reform attempted by the plants and enterprises of Wuhan was by breaking away from the old convention of "self-serving" cooperation and coordination and increasing the competitive power of their spare parts and accessories through public bidding. The Wuhan Laundry Machine Plant and 39 other enterprises, disregarding the departmental and regional boundaries, sold 493 items of products through nationwide public bidding, and there were bids from 5,354 enterprises in 27 provinces, municipalities and autonomous regions throughout the country. As a result, these 40 enterprises established a new type of economic and technical cooperation with 1,214 factories in the country and the quality of their products were greatly improved.

9411/13167
CSO: 4006/240

DOMESTIC TRADE

NORTHWEST INCREASES ECONOMIC CONTACTS WITH COASTAL AREAS

Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 24 Oct 85 p 3

[Article by reporter Dang Zhou [8093 0719]: "Economic Contacts Between Northwest and Hinterland Increasingly Active in Absorbing Funds, Importing Technology and Training Personnel"]

[Text] Economic and technical cooperation between the five provinces and autonomous regions in northwestern China and the inland and coastal regions has developed on a fairly large scale in recent years.

At present Shaanxi, Gansu, Ningxia, Xinjiang and Qinghai, all in Northwestern China, have established their external economic cooperation committees or offices at the provincial or regional level, and most of their prefectures, autonomous prefectures, cities and counties have also established corresponding agencies in charge of this work. Xinjiang has formed economic and technical cooperative relations in various forms with 26 provinces and cities. In Gansu, its external economic and technical cooperation has developed from the provincial down to the prefectural, autonomous prefecture, city, county, enterprise and college levels, and long-term external cooperation with more than 10 provinces and cities has been formed in 12 prefectures, autonomous prefectures, and cities, 51 counties, 15 industrial trades and enterprises, and 19 colleges. According to incomplete statistics, since 1982, more than 5,000 cooperative projects have been undertaken jointly by these five provinces and the inland and coastal provinces and cities.

The northwestern region has a weak economic foundation, and its biggest problem in economic development is the shortage of funds. In developing their external economic and technical cooperation, these five provinces have absorbed some funds from external sources through compensatory trade and joint ventures, and used these funds to start construction projects. Making use of its rich electricity and mineral resources, Gansu joined more than 10 inland and coastal provinces in some 200 industrial projects with joint investment. Among these projects are the building and expansion of aluminum, lead-zinc, cement, and glass plants, and other large enterprises, for which 180 million yuan has been absorbed. Shaanxi is now expanding the Tongchaun Aluminum Plant which produces 200,000 tons of aluminum ingots a year, and the Hanzhong Iron Foundry which produces 200,000 tons of pig iron a year. For these projects, the province had an investment of 86 million yuan from Shanghai and Zhejiang. In the past 2 years, Gansu and Shanxi have absorbed construction

funds of 1 billion yuan from other provinces and cities. Qinghai, Xinjiang and Ningxia are also negotiating with other provinces for joint undertakings in a number of industrial projects including the development of asbestos, coal, lead and zinc mineral resources, and the metallurgic, brewing and pharmaceutical trades.

One of the important features of the external cooperation in these five provinces and autonomous regions is the importation of advanced production technology and management experience according to various reciprocal arrangements. Xinjiang has signed agreements with other provinces and cities for 1,670 cooperative projects, 90 percent of which are for technical cooperation. In Shaanxi, 3,000 township enterprises in Changan County have in recent years formed technical cooperation relations with 18 provinces and cities, including Guangdong and Shanghai, and nearly 100 enterprises, scientific research units and universities and specialized colleges. They have also employed more than 530 technicians of various types to serve as advisers or to teach new techniques.

Qinghai has even sent a team of county magistrates and their deputies, and the director of the bureau in charge of commune- and brigade-run enterprises, to work in the hinterlands in order to learn about economic management. At the same time, these provinces and autonomous regions have sought the assistance of other provinces and cities in training a number of university and specialized secondary school students, technicians and skilled workers. Many of these trainees later became the key personnel in light and textile industries, agriculture and animal husbandry, machine-building, metallurgy and food and electronic industrial enterprises.

9411/13167
CSO: 4006/240

FOREIGN TRADE AND INVESTMENT

TIANJIN SUCCEEDING IN ASSIMILATING IMPORTED TECHNOLOGY

Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 25 Oct 85 p 2

[Article by Shi Delian [4258 1795 6647]: "Import Technology, Export Products--Tianjin's Achievements in Importing and Assimilating Technology"]

[Text] Last year, Tianjin put into operation 102 imported technical projects and produced 127 varieties of new products of advanced standards with an annual output value of 380 million yuan. The taxes paid and profits delivered amounted to 108 million yuan. Of these new products, 66 varieties are being sold in distant foreign countries and the foreign exchange earned and saved exceeded \$4 million, equivalent to more than three-quarters of the foreign exchange investment in these imports.

Giving Prominence to Key Points in Importing

In March 1983, Tianjin received approval from the State Council for importing technology for the transformation of small and medium-size enterprises. After the experiments of expansion of the enterprises' decisionmaking power, Tianjin concentrated its attention on 26 key trades which produced competitive goods instead of attempting an "all-round transformation" of all trades, when the associated projects were imported. Thus some products were updated fairly rapidly and the backward technology of factories in some trades was improved. The equipment of the decorative printing trade in Tianjin was formerly quite obsolete; in the past several years, these factories imported some technical equipment from foreign countries, manufactured some new equipment by learning from advanced technology, and eliminated more than 800 sets of outdated equipment. Now, 60 percent of the equipment in this trade is of the advanced type, and the backwardness of the entire trade has ended.

One of the characteristics in the imports of Tianjin is the priority of technology over equipment. Tianjin believed in the need to import some equipment, but in view of the restrictions in developing production and technology, it has raised the proportion of technology in its importation plan. As a result, the all-purpose petroleum machinery, motor vehicle, metallurgical product and radio industries are now in a better position to develop their products.

Distinctive Goals of Products

In importing technology and transforming its small- and medium-size enterprises, Tianjin has its eyes on the international market and is striving to increase its exports for foreign exchange earning. Even though some imported products have to be sold on the domestic market, it makes every effort to substitute domestic for imported products in order to save the state's foreign exchange. To accomplish this, Tianjin had to check every imported item very carefully to be sure that it can produce fine-quality products. It would never permit the use of advanced technology to produce low-grade goods.

The Tianjin Printing and Dyeing Plant spent \$6.7 million in importing 15 sets of chemical fiber printing and dyeing equipment and made it possible for its polyester/cotton and bleached polyester/cotton fabrics with printed designs to enter the international market. Now, its foreign exchange earnings double its foreign exchange investment every year.

Methodical Assimilation of Technology

Tianjin has been able to improve its economic results fairly shortly after importing technology mainly because it has made great efforts in its digestive and creative work. Its methods are mainly as follows:

Item: Joint digestion and absorption with the help of social resources. In the past, the technology, design, techniques, parts, elements and materials of some large imported projects were distributed among various trades with no unified guideline. As a result, there were problems with the lack of a common goal and synchronized progress, and competitive power could not be increased. In view of this, Tianjin is now dividing up the project to form a "chain" extending across trade boundaries and having the plant using the main machine as the "leader." The work of digestion, absorption and development is now all coordinated throughout the "chain."

Item: Striving for creation in the course of digestion and absorption. Many units in Tianjin are not contented with merely the operation and use of imported technology, and are making every effort to combine digestion with creation so that the imported technology could be used more intensively and extensively, and with better results. No 6 Radio Elements Plant, for example, imported the technology of producing delay lines. According to the original design, the product could fit only one type of color television. After digestion and improvement by the plant, the lines are now suitable for all the color TV sets in the country, and one of these lines can serve the purpose of several other lines.

Item: Proceeding from the overall situation instead of "Tianjin alone." The purpose of digesting and absorbing imported technology is to increase the productive forces in China. Though located in Tianjin, the Tianjin enterprises are bearing in mind the whole country instead of trying to make Tianjin conspicuous in every way. If any project has already been imported by another province or city, Tianjin never duplicates it. In other words, Tianjin would do anything to refrain from engaging in "rivalry" with other places.

9411/13167
CSO: 4006/240

FOREIGN TRADE AND INVESTMENT

PRC-HONG KONG TRADE INCREASES 33 PERCENT

OW300856 Beijing XINHUA in English 0828 GMT 30 Nov 85

[Text] Hong Kong, November 30 (XINHUA)--The total value of trade between Hong Kong and Chinese mainland reached 87.856 billion Hong Kong dollars (about U.S. \$11.26 billion) in the first three quarters of this year, representing a 33 percent increase as compared with the same period last year.

According to Hong Kong Government statistics released by Hong Kong General Chamber of Commerce, Chinese mainland has become the leading trade partner of Hong Kong. From January to September, total value of Hong Kong's foreign trade is 342.55 billion Hong Kong dollars (U.S. \$43.9 billion), one fourth of which is between Hong Kong and Chinese mainland.

In the same period, Hong Kong once again bought more goods from Chinese mainland than from Japan. Imports from Chinese mainland reached 40.76 billion Hong Kong dollars (U.S. \$5.22 billion), 838 million more than the imports from Japan.

Hong Kong's re-exports to Chinese mainland was more than doubled in this period, while its domestic exports to the latter increased by 54 percent.

Hong Kong had a 6.344 billion Hong Kong dollar (U.S. \$0.813 billion) trade surplus in its trade with Chinese mainland in the first 9 months of this year.

/8918

CSO: 4020/126

FOREIGN TRADE AND INVESTMENT

GUANGXI INCREASES USE OF FOREIGN FUNDS, TECHNOLOGY

Beijing RENMIN RIBAO in Chinese 28 Oct 85 p 2

[Article by correspondent Xie Pongzhen [6200 2837 6966]: "Guangxi Promotes Importation of Foreign Funds and Technology"]

[Text] Guangxi Zhuang Autonomous Region is speeding up its importation of funds and technology from foreign countries in order to develop its economy at an earlier date. In the first 8 months of this year, it signed 151 contracts on such imports. These imports involved \$240 million, of which \$180 million came from external sources. The number of contracts signed since the beginning of this year is greater than the total in the previous 6 years, and the amount involved has been increased by 70 percent.

Guangxi is fairly poor and its economic development in recent years has been rather slow. It was also short of funds for economic construction. To bring in more funds and technology from foreign countries, the people's government of the autonomous region held a regionwide conference on the utilization of foreign funds in September last year. Internally, it decided to simplify the administration and delegate more power to the lower levels, and externally, it decided to further enhance the effects of the open door policy. In April and May this year, it held the first international economic and technical cooperation meeting in Guilin and invited many factories owners and entrepreneurs from Hong Kong, Macao and foreign countries to discuss with the Guangxi economic delegation on economic aid and technical cooperation. Some 700 visitors from more than 20 countries and regions attended the meeting. Even after the meeting, many foreign traders continued to visit Guangxi, and their number greatly exceeded that of previous years. These visits have led to a new development in the work of importing foreign funds and technology.

One of the characteristics in Guangxi's importation of foreign funds and technology is the change from the processing of supplied materials and compensatory trade on small scales to long-term cooperation, mainly in the form of cooperative operations and joint ventures. Because of preferential treatment for investors, the smooth way contracts of cooperation were fulfilled, and the attractive profits, foreign investors are now full of confidence. That was why in the contracts signed this year, Hong Kong traders alone invested more than \$3 million in 7 large- and medium-size

projects. From April last year to June this year, Beihai City brought in \$7 million with which technical transformation was carried out in more than 20 old enterprises. By now, some of the projects have been completed and put into operation. Nanning No 5 Radio Plant and a German firm in Hong Kong formed a joint venture by the name of Nanning Fengde Co. Ltd, with a total investment of \$1 million, of which nearly \$500,000 came from the foreign partner. This company has exported 70 percent of its own quadruple variable [silian kebian 0934 5114 0668 6239] condensers. Guilin No 3 Radio Plant has brought in more than \$5 million (including \$2 million for the current year) to develop production. The electrolysis condensers produced by this plant were exported this year.

While bringing in foreign funds and technology, Guangxi has also paid attention to development planning and the proper use of these funds. The funds brought in this year were still mainly used to develop energy, transportation, hydropower, nonferrous metals, building materials and tourism, while the advanced technology was used for the technical transformation of existing enterprises. It also paid attention to the importation of "software" and gradually eliminated that of "hardware." For example, Guilin No 1 Radio Plant spent only \$40,000 in importing from Japan the technology of producing new products, and then reaped the benefits of reducing investment and showing quick results. Besides that, the autonomous region is now undertaking as many projects of development and foreign exchange earning as permitted by its rich local natural resources.

At present, Guangxi has on hand more than 100 cooperation projects open to negotiation and choice by foreign traders. These projects will serve as the foundation for drawing in funds and technology from foreign countries next year.

9411/13167
CSO: 4006/240

FOREIGN TRADE AND INVESTMENT

MORE CONTRACTS SIGNED DURING CHINA-EC WEEK

OW060846 Beijing XINHUA in English 0818 GMT 6 Dec 85

[Text] Brussels, December 5 (XINHUA)--The Chinese delegation to the EC-CHINA BUSINESS WEEK today signed another eight contracts with European countries for the purchase of industrial equipment valued at U.S. \$28 million.

The three major ones of the eight contracts were signed by China's technical import general corporation with Usinor of France for the purchase of a set of sintering equipment; with Denmark to buy fruit drop making equipment; and with Federal Germany for the purchase of beer-canning installation.

Delegates from Beijing drew up a contract with Federal Germany to buy a key device for car-painting, and another with Belgium to introduce cement-making equipment. Under another contract, China's northeast city of Shenyang will introduce Italy's technical know-how for making alloy aluminum.

Meanwhile, delegates of China and the community go together at a meeting to explore possibilities of setting up joint ventures in China. Delegates of Federal Germany's Volkswagen briefed the meeting about its experience in setting up a joint venture with China in Shanghai.

Delegates of China's Insurance Company dealt with China's Insurance Service at the meeting, and delegates of China's state administration of exchange control explained foreign currency regulations in connection with joint ventures.

In the evening, head of the Chinese delegation Zhang Jingfu and other delegation members were guests at a cocktail party given by the la Societe Generale de Banque Belgique. Zhang told the 300-strong gathering that the bustling scene during the week opened up bright prospects for EC-China trade. The current week had far exceeded the previous one so far as its scale and the number of participants were concerned, and its significance went far beyond the week itself, he said.

During the day, the Chinese delegation took time out to tour factories in this capital and met with leading members of the European community.

/8918
CSO: 4020/126

FOREIGN TRADE AND INVESTMENT

NEW PRC INTERNATIONAL LEASING CORPORATION MAKES GOOD START

HK060651 Beijing CHINA DAILY in English 6 Dec 85 p 2

[By staff reporter Xie Songxin]

[Text] Hangzhou--Although only 7 months old, the Shanghai-based International Leasing Corporation Ltd has gotten off to a flying start.

Chen Xiaoning, an official with the corporation, told CHINA DAILY in an interview here that the corporation had signed 40 contracts worth \$40 million by early October. Another \$10 million is expected by the end of this month.

The corporation's business sphere has expanded to Hebei, Guangdong, Jiangsu, Anhui and Zhejiang provinces and to the city of Shanghai.

Hebei has been the strongest source of business. In September business talks in the city of Shijiazhuang there, the corporation concluded contracts worth \$20 million, edging out two competitors.

Leasing firms can assist export oriented businesses in producing more exported goods by importing advanced equipment, Chen said.

His corporation imported diesel generators for a generating plant in Zhongshan County, Guangdong Province to ensure industrial electricity supply. Last year, the county exported \$40 million worth of manufactured goods and farm produce.

The corporation was established by China National Technical Import Corporation, China Investment Bank and Mitsui Co Ltd of Japan, with a Chinese as chairman and a Japanese as president.

As a joint venture dealing in finance and foreign trade, the corporation offers certain advantages to clients, according to Koken Iwata, president of the corporation.

Banks operating under Mitsui and the China Investment Bank can help provide the foreign exchange needed for imports. Overseas representative offices of Mitsui and the China National Technical Import Corporation enlarge the firm's business realm and provide world training information. These offices can also help Chinese businesses in product export, Koken said.

/8918

CSO: 4020/126

FOREIGN TRADE AND INVESTMENT

PRC TO ADOPT MORE LAWS ON FOREIGN BUSINESS

OW120834 Beijing XINHUA in English 0813 GMT 12 Dec 85

[Text] Guangzhou, December 12 (XINHUA)--China plans to work out more than 30 laws and regulations involving foreign business during the Seventh Five-Year development plan period (1986-1990), 20 of which will be issues or deliberated in 1986.

This was disclosed at the second national seminar on economic legislation now in session here.

Next year's list includes laws on company, bankruptcy and customs, foreign trade and overseas investment.

Important economic laws now under discussion include maritime commercial law, law on enterprises Sino-foreign cooperative, and a law on enterprises with sole foreign investment.

A total of more than 160 laws and regulations will be issued in the next 5 years, according to the seminar sources.

An official of the Chinese Economic Law Society attending the seminar told XINHUA that pending legislation would center on attaining the objectives of the Seventh Five-Year Plan, with the focus on economic restructuring, opening further to the other countries and developing energy and transport.

Another 45 laws cover the strategic pattern and major principles of economic development, science, education, culture, economic structure and means of regulation, and people's welfare and social security.

The legislation work on all economic activities is conducted under the direction of the State Council. The laws and regulations drafted have already been sent to various central departments and governments of provinces, municipalities and autonomous regions for opinions.

/8918

CSO: 4020/126

FOREIGN TRADE AND INVESTMENT

PRC HOSTS INTERNATIONAL SECOND-HAND EQUIPMENT TRADE TALKS

HK020609 Beijing CHINA DAILY in English 2 Dec 85 p 2

[By staff reporter Xie Songxin]

[Text] Hangzhou--China is exploring new ways to save valuable foreign exchange in the import of industrial technology at current talks on trade in second-hand equipment.

The 6-day Hangzhou International Second-hand Equipment Trade Talks opened on Friday at Zhejiang Exhibition Centre. It is the first meeting of its kind in China and the first ever held in a buying country rather than a selling one, said Sun Jiayun, vice executive president of the Spare and Components Import Company under the China National Technical Import Corporation. The talks aim for the exchange of information on international second-hand equipment as well as signed contracts.

Importing second-hand equipment would promote the technical renovation needed during the Seventh Five-Year Plan period, said Chen Fei, vice minister of foreign economic relations and trade. The limited amount of foreign exchange available should be spent on the most important projects, he added. The 79 foreign businesses attending have brought 1,600 equipment samples. Chinese business had shown especial interest in 49 of them, which all showed strong prospects for deals, said Sun.

Most of the equipment is of the world technical levels of the 1970's or 1980's, suiting most Chinese buyers, Sun said. Some Chinese factories are still equipped with 1940's machinery.

Only the Tibet and Xinjiang Uygur autonomous regions, Gansu Province and Taiwan have not sent representatives to Hangzhou.

Discussions of textiles, chemicals, metal processing, building equipment, and international renting arrangements were to be held, Sun said.

/8918

CSO: 4020/126

9 January 1986

FOREIGN TRADE AND INVESTMENT

RENEWED STUDY OF FOREIGN INVESTMENT STRATEGY

HK120555 Beijing CHINA DAILY in English 12 Dec 85 p 4

[Text] /In a signed article in the periodical Spring of Sciences, the writer held that a renewed study of strategic guidance for the introduction of foreign investment was necessary. Excerpts follow:/ [passages within slant lines published in boldface]

The most important phenomenon in the international economic realm after World War II is the development of internationalization of capital, while economic integration has become the basic trend of the development of international economy.

China has, so far, remained one of the few countries drifting independently from any block of economic co-operation. Foreign capital has been merely used for special purposes rather than seeking full cooperation with it. Such an economic system must be gradually changed to allow China to participate in the international division of labour and economic cooperation. Tactical thinking must be raised to realize the need to implement the following two basic strategies.

The first strategy advocates a "northward expansion" which is to open the Chinese inland markets with a view to inducing foreign capital to expand northward and form a large and wide area to accept and digest direct foreign investment.

National economic construction places three basic functions on foreign capital: To ease shortages of domestic capital, to introduce advanced technology and to promote technical advancement of the national economy.

The investment strategies of transnational corporations, on the other hand, are roughly divided into those attracted by resources, those drawn by markets and those aiming at production of an intermediate nature. The first two account for 80 percent of transnational corporate investments.

If we cannot offer a part of our domestic markets to the two largest categories of transnational corporations, i.e., those aiming at exploiting resources and those at markets, we will lose our appeal to many of them.

If we were bold enough to open our domestic markets to foreign capital, we would not only satisfy the basic requirement of these corporation for an ideal investment environments, we would also provide a strong stimulus to shorten the technological gap between us and the developed countries.

If we are bold enough to tolerate, to a certain extent, the shock of foreign investment in our national industries, and introduce direct foreign investments into basic departments of our national economy, as we were in the First Five-Year-Plan period, we will be able to introduce more foreign capital, promote our level of technology and realize a more rational distribution of industries across the country.

The introduction of foreign investment in production of an intermediate nature will appeal only to a few transnational corporations. Only by introducing foreign capital into our domestic markets will we be able to build a system capable of digesting and absorbing advanced foreign technology.

The second strategy advocates a "southward drive" which is to build Shanghai into an international financial centre with a view to stabilizing our economic and trade relationship with the area surrounding the Pacific and promoting economic cooperation with America, Japan and the ASEAN countries.

Our economic cooperation with the Soviet Union and Eastern European countries in the 1950's was actually a kind of regional cooperation which helped to lay a foundation for the development of our industrialization. If our economy returns again to a regional cooperation, greatly vitality will surely be brought to our economy.

World economic trends show that principal economic blocks in the Pacific region (America with financial centres in Los Angeles and San Francisco, Japan in Tokyo and ASEAN countries in Singapore) have already been preliminarily equipped with financial conditions to participate in the economic cooperation of the region. But the development of the Chinese economy will certainly hold the balance of the whole situation.

For a long time, China has depended on Hong Kong as a main window for foreign finance. But Shanghai actually has far better prospects of development as an international financial centre than Hong Kong. It maintains a much stronger connection with the hinterland and commands much greater economic strength than Hong Kong. Dependence on the later will restrain the flow of capital, increase the interference of Hong Kong dollar fluctuations on our international exchanges and will not satisfy our needs in foreign economic relations.

It is absolutely necessary to grant greater economic power to Shanghai and have it developed into a Chinese, or even an Asian, centre of trade and finance. The current system of highly monopolized foreign exchanges by the Bank of China must be reformed to allow the principal productive enterprises and other financial institutions to directly participate in international banking activities.

The setting up of our own international financial center will provide us with conditions to participate on a comparatively equal footing in the economic cooperation in the Pacific region.

Direct investments by transnational corporations are mostly investments in fixed assets. The normal operation of their overseas agencies requires corresponding financial institutions to regulate their flow of capital. One of the reasons that our hinterland market cannot attract great amounts of foreign investments is that there is no appropriate international financial market in the vicinity to regulate the international flow of capital.

/8918

CSO: 4020/126

FOREIGN TRADE AND INVESTMENT

THEORETICAL BASIS FOR EVALUATING OPEN DOOR RESULTS

Fuzhou FUJIAN LUNTAN [FUJIAN FORUM] in Chinese No 10, 5 Oct 85 pp 19-21

[Article by Ye Xiangping [0673 0685 1627]: "Multidimensional Mode of Thinking and Pluralistic Goals of the Open Door"]

[Text] Recently, China's open door policy has been evaluated by people at home, abroad and in Hong Kong from different points of view and methodologies. Some have called it a success, while others hold that since the special economic zones [SEZ's] have not attained the "three main objectives" (industry, foreign capital, and exports) and the "three high goals" (advanced technology, high foreign exchange earning, and good economic results), they are now a failure.

The latter view has produced wide repercussions at home and abroad. How to make an overall evaluation of China's open door by seeking truth from facts has now become an urgent and important theoretical and practical question.

Such an evaluation inevitably touches on the goal of the open door. Unless the goal is distinctive, there can naturally be no way of evaluation. However, a correct understanding of the open door's goal is closely related to people's mode of thinking. In this article, this question will be discussed tentatively.

Chinese scholars trying to understand the open door's goal have traversed a zigzag course. At the early stage of the open door, when the central authorities decided to establish SEZ's in Shenzhen, Zhuhai and Shantou of Guangdong and Xiamen of Fujian, and to use special policies and preferential treatment to attract foreign funds, to set up joint ventures and cooperative enterprises, and to develop the business of "processing materials supplied by customers, processing according to samples supplied by customers, and assembling parts supplied by customers, and compensation trade," many comrades suggested that the goal of the open door should be to earn foreign exchange, to increase income, to provide more job opportunities, and to develop the local economic construction of SEZ's.

As the situation developed, however, people gradually came to know that the economic gains and economic development of SEZ's as well as the job opportunities created amounted to a very small proportion of the national total.

If the goal of China's open door is only so limited, then the SEZ's are of no great significance. Comrade Zhao Ziyang said during his inspection tour to Xiamen SEZ: "The purpose of the SEZ is not to solve the problem of employment or purely to increase output value. We allot a piece of land and offer preferential treatment for the main purpose of bringing in some technology-intensive and know-how-intensive enterprises so that the SEZ could serve as a window giving a view of the advanced production technologies and advanced management methods in the world." Comrade Ziyang's remarks have raised the open door to a higher plane, and set the most up-to-date technologies of the world as its main target. Furthermore, with the SEZ's as a breakthrough point, China's economic construction will be developed more rapidly to narrow down the gap between China and the developed countries.

Several years have passed, and following these four SEZ's, 14 coastal cities have also opened their doors. Now, the Chang Jiang region, the Zhu Jiang region and the three delta regions of Xiamen, Changzhou and Quanzhou of Fujian have joined the rank of open door regions. As the situation now stands, however, none of the open door regions has yet attained the "three main objectives" or the "three high goals." As for the importation of new technologies, particularly those related to the new technological revolution, they have basically no success to boast of. What they have imported are mostly labor-intensive industry and tertiary industry of low technical standards, and their products are mostly of the low and medium grades. Under such conditions, let us find out how we should view China's open door goal. If the goal of importing the most up-to-date technologies has not been attained, is the open door a failure? For a correct answer to this question, the use of a traditional monodimensional mode of thinking would be futile. To understand the highly complex open door activities, we must use the modern multidimensional mode of thinking and conduct our observation from many different points of view, at many different levels, and in many different respects. As far as the mode of thinking is concerned, the view that China's open door is a failure is the result of a monodimensional mode of thinking. According to this mode of thinking, monism prevails as the starting point, the core and the end result, and is expressed as thinking in a single direction, from a single angle, according to a single logical rule, leading to a single conclusion, and based on a single criterion of evaluation. This mode of thinking has made indelible contributions in the history of intellectual development, but today, when people's knowledge has developed to the present level, its shortcomings, such as one-sidedness, isolationism and conservatism have been increasingly revealed. If China's open door goal is viewed according to this mode of thinking, monism and absolutism will be the inevitable result: There must be a higher foreign exchange earning capacity (through such low-level dealings as processing materials, processing according to samples, assembling parts and compensatory trade) with the importation of most up-to-date technologies as the only alternative. Now, if the success or failure of the open door is to be decided in light of this single goal, there can naturally be only one conclusion: We have either partially succeeded in foreign exchange earning and in job placement, or failed to import the most up-to-date technologies.

However, if we use a multidimensional mode of thinking in observing China's open door, our conclusion will be different from or even diametrically opposite to what has been reached through a monodimensional mode of thinking. The so-called multidimensional mode of thinking refers to the mode with two or more logical leads and formed of many directions and starting points of thinking, subject to many logical rules, and leading to ideological conclusions according to a comprehensive criterion of evaluation throughout the process of thinking. Objective things are highly diversified and have many ideological structures, particularly since the 20th century when social phenomena have become complicated and all social entities and social links have developed both vertically and horizontally, or even become interwoven into various network systems. If people's thinking still remains in the stage of a monodimensional mode, they will find it difficult to describe the ever-changing social phenomena correctly. We can say that the change from monodimensional to multidimensional thinking is necessary for the developments of the material world and the society, as well as a natural outcome of scientific and intellectual developments. In evaluating the open door question, we must use multidimensional thinking before we can arrive at a correct and realistic conclusion.

According to the multidimensional mode of thinking, the goal of an open door is an entity formed of many elements. At least, it can be divided into a general goal and a concrete goal. Of these two, the former is more stable, and the latter, more flexible. The latter should serve the former and can change its own substance and form according to circumstances. The concrete goal can also be divided into the goal of a certain region and the goal of a certain stage, and these two goals also have many different aspects. All the goals are interconnected. They can influence and may even crisscross one another. A multidimensional mode of thinking will precisely break down the goal of the open door into many levels and aspects, and enable us to observe these levels, aspects and their relationships separately from different angles before comprehensively mastering the common nature and common function at each level and in each aspect, and finally placing the goal at a certain point in the entire range of open door activities. Only then can we view and evaluate the open door without monism, absolutism, oversimplification or one-sidedness; only then can we arrive at a realistic conclusion on the open door's success or failure.

According to China's socialist character and its modernization requirements, the general goal of its open door can only be to change the sealed-off type of economy into an open type, and to bring in advanced technology, advanced management methods, foreign funds, raw materials and skilled personnel, in order that it could rapidly increase China's productive forces, participate in international economic cooperation and division of work, increase its competitive power on the international market, and end its economic backwardness. When the general goal has been ascertained, there will be a basis for evaluating the open door. Although the SEZ's and open zones have not yet brought in the most up-to-date technologies of the world, they have opened China to the outside world, ended China's long isolation, and brought in some foreign funds and fairly advanced technologies and equipment. At the

same time, the practice of the open door has greatly enlivened its economic activities, stimulated the four modernizations drive, and raised the people's living standards. If the general goal is viewed in light of these facts, which everyone can see and understand, it would not be difficult for unprejudiced people to decide on its success or failure.

The concrete goal, viewed according to the multidimensional mode of thinking, should be pluralistic instead of monistic. From an overall and long-range view, the goal of the open door should be the importation of new technologies and the establishment of new industries. According to the concrete conditions which vary in different zones, it should be pluralistic in nature and include the following: First, pluralistic regional goals. All SEZ's, open cities, regions with developing economy and technology and open deltas should bring into play their own strong points and decide on their own goals in light of their own economic, technical, geographic, resource and social conditions, and there must not be any arbitrary uniformity. The regions with a solid industrial foundation and technical resources may bring in the most up-to-date technologies of the world as their goals, but those regions with good natural, geographic and resource conditions (such as those in the vicinity of Hong Kong and Macao) may export processed products and earn foreign exchange as their goals. If they have rich tourist resources and are suitable for tourism, the development of tourism may be their goal. If they have the facilities for free trade, they should be developed into free-trade zones. Some regions have high scientific and educational standards; they can also be developed into scientific centers. The attempt to bring in the most up-to-date technologies and to increase the regions' competitive power overnight, or to turn them into comprehensive regions that are "small and complete" or "large and complete" are impractical. Second, pluralist goals as regards stages. Opening the country to the outside world has to go through a process of development, and the goal varies at different stages. Even for those regions that are suitable for importing the most up-to-date technologies and for developing new industries, there is the beginning stage which is different from the takeoff stage. At the beginning stage, they must have adequate funds, technologies, personnel and experience, and must constantly improve the environments of investment. Therefore, they also have immediate, medium-range and long-range goals and different stages of development from labor-intensive to capital-intensive and then technology-intensive industries. During the first two stages, they should bring in some low-level technologies and try to increase their foreign exchange earnings and accumulations by exporting processed products of a labor-intensive type in addition to agricultural, sideline, native and special products as well as resource products. At the same time, we have to make some concessions for foreign goods on our domestic market, draw in urgently needed funds, improve the investment environments and the quality of our enterprises which deal with foreigners, and appropriately strengthen our traditional and basic industries. All these actions will play an important role in preparing ourselves, accumulating experience and laying the foundation for the future task of importing the most up-to-date technologies, developing new industries and selling high-grade products on the international market. Once the general goal is determined, we will be able to evaluate the result of our open door, and if the pluralistic

concrete goals are clearly understood, the criteria of evaluation will be more concrete and larger in number. Since many of our goals have not been attained, it would be difficult to say that the open door is a success; however, the practice of the past several years has shown that some of the concrete goals have been realized, and such realization has paved the way for the realization of the other concrete goals and even the general goal. Therefore, we can and should unequivocally and with perfect assurance say that China's open door has been a great success. At present, all the open zones as a whole are still in the first stage of opening, and have not, for the time being, brought in the most up-to-date technologies. However, they have made fairly great achievements in earning foreign exchange, increasing their income, providing jobs and developing imports at the low and intermediate levels. These achievements have also become the necessary preparation and the prelude for importing the most up-to-date technologies. Ignoring these facts and dismissing China's open door as a failure are groundless.

As for the way to interpret Comrade Zhao Ziyang's remarks on his inspection tour to Xiamen SEZ (as quoted here earlier), there is, in my opinion, also the question of the mode of thinking. Interpretation according to the monodimensional mode of thinking may cause distortion and misunderstanding by giving the impression that the goal of bringing in advanced technologies and the goal of earning foreign exchange, increasing output value and creating job opportunities are irreconcilable, since they cannot combine to form a unity or be linked together. If we interpret these remarks according to the multidimensional mode of thinking, we will find that Comrade Ziyang was only stressing the key points and highlighting the profound significance of the open door, namely, advanced technology as the main goal. At the same time, Comrade Ziyang's remarks also showed the direction of future development for the SEZ and China. He did not mean that there is only one goal and at only one level, such as importing advanced technology and advanced management methods and leaving out the solution of the employment problem and the need to increase output value. Nor did he say that all SEZ's and open zones should only bring in advanced technology in the same way without adapting measures to the time element and the existing conditions. Above all, he did not say that earning foreign exchange and increasing the output value cannot be a preparation for importing the most up-to-date technologies. Obviously, his remarks about "not to solve the problem of employment or purely to increase the output value" by no means exclude the pursuit of output value; he merely opposed reckless pursuits for output value. The words "for the main purpose of bringing in some technology-intensive and know-how-intensive enterprises" do not mean ignoring the necessity of bringing in labor-intensive enterprises, but rather stress the main point of bringing in technology- and know-how enterprises. Interpretation of these remarks according to the monodimensional mode of thinking may cause theoretical confusion and practical mistakes.

9411/13167

CSO: 4006/255

FOREIGN TRADE AND INVESTMENT

TIANJIN EXPANDS INVESTMENT ABROAD, IN HONG KONG

OW120820 Beijing XINHUA in English 0755 GMT 12 Dec 85

[Text] Tianjin, 12 December (XINHUA)--Tianjin has invested in 17 joint ventures abroad and in Hong Kong, according to municipal authorities.

Tao Zongyu, a municipal official in charge of foreign economic relations and trade, said this form of foreign cooperation was expanding.

The joint ventures include 10 businesses dealing in trade and seven industrial enterprises, involving 4,470,000 U.S. dollars in Chinese investment.

Located in Canada, Japan, Pakistan, the United States, Venezuela, the Yemen Arab Republic and Hong Kong, the joint ventures produce welding rods, shoes, food seasoning, dies, textiles and animal products.

Tianjin's investors, including industrial enterprises and the municipal foreign trade department, can offer advanced equipment and skilled technical teams, said Tao. For example, Tianjin welding-rod factory, which manufactures products selling well abroad, joined a Pakistani firm in opening a welding-rod plant with an annual production capacity of 6,000 tons.

Most of these overseas joint schemes are small at present, but the authorities are reviewing their progress with a view to further expansion. They have suggested that the state should draw up legislation on Chinese overseas investment.

/12913

CSO: 4020/128

FOREIGN TRADE AND INVESTMENT

BRIEFS

OVERSEAS CONSTRUCTION SERVICES EXPANDED--Changchun, 12 December (XINHUA)--Jilin province has contracted 34 overseas construction schemes and other labor services over the past five years, a provincial official said here today. Guan Changyu, of the Jilin International Economic and Technical Cooperation Company, said the schemes were worth a total of 70 million U.S. dollars. He said that his company, which handles the north-eastern province's overseas labor services, had established ties with more than 20 countries and regions. Founded in June of 1981, the company has sent 1,700 advisers and workers abroad, and has earned more than four million U.S. dollars in foreign exchange. Guan said Jilin had about 470,000 architects, engineers and skilled workers available for such industries as chemicals, forestry, metallurgy, mining, geology, water conservancy and power. The company expects to expand its business by 50 percent a year in the next few years. [Text] [Beijing XINHUA in English 1135 GMT 12 Dec 85 OW] /12913

XIZANG PREPARES TRADE MISSION--Lhasa, 9 December (XINHUA)--Tibet will soon send its first business delegation to Hong Kong, according to local officials. The 12-member group will meet Hong Kong business leaders to explain how the open policy is carried out in the region, and to discuss bilateral trade and economic relations and cooperation in tourism. The delegation will stage an exhibition of Tibet's produce, including fur, leather and wool goods, and more than 40 kinds of minerals, including copper, borax, chromium and marble. The display will also feature Tibetan handicrafts and traditional medicines. [Text] [Beijing XINHUA in English 1621 GMT 9 Dec 85 OW] /12913

JAPANESE TRADE MISSION--Beijing, Dec 1 KYODO--Mission from the Japan Association for the Promotion of International Trade (Kokubosoku) arrived here Sunday for talks with Chinese officials. The mission is led by former Foreign Minister Yoshio Sakurauchi, chairman of the association, and members will meet with Chinese leader Deng Xiaoping and economic and business leaders. The talks are expected to cover Japanese cooperation in China's Seventh Five-Year program starting in 1986 and Japanese imports of Chinese oil and coal. Sakurauchi is reportedly carrying messages from Prime Minister Yasuhiro Nakasone to the Chinese officials, regarding the current bilateral trade imbalance in favor of Japan and other Japan-China relations. The mission leaves Thursday. [Text] [Tokyo KYODO in English 1034 GMT 1 Dec 85 OW] /8918

CSO: 4020/126

SPECIAL ECONOMIC ZONES

XIAMEN SEZ'S BALANCE OF PAYMENTS, OTHER PROBLEMS DISCUSSED

Fuzhou FUJIAN LUNTAN [FUJIAN FORUM] in Chinese No 10, 5 Oct 85 pp 29-30, 7

[Article by Wang Jiang [3769 0256]: "Certain Problems in the Economic Development of Xiamen SEZ"]

[Text] For more than 1 year, Xiamen SEZ has steadfastly implemented the central authorities' strategic policy decisions with remarkable results. Its economy is undergoing a rapid and all-round development with characteristics of its own. The main characteristics are as follows: (1) In industrial production, a SEZ production structure guided by the policy of transforming old enterprises simultaneously with the building of new ones, is being gradually formed. (2) The industrial structure is now changing, and new industries run by large key enterprises and the technology- and know-how-intensive enterprises are gradually becoming the main force. (3) The scope of foreign fund utilization is rapidly expanding; the number of enterprises with overseas Chinese capital, enterprises with foreign capital and Chinese and foreign joint ventures have rapidly increased; and the proportion of an outward expanding economy is gradually rising. (4) Tertiary industry, with tourism and commerce as the main components, has rapidly developed. This development has played a definite role in changing the SEZ's former economic structure and in bringing forth economic prosperity. (5) Capital construction is proceeding smoothly, favorable investment environments have initially taken shape, and the SEZ has had a solid foundation for all-round economic development. Obviously, Xiamen is now developing into a comprehensive SEZ of a more open type. Nevertheless, amid these rapid developments, there are certain problems which deserve our prompt attention:

I. Acceleration of Economic Structural Reform, Improvement of Investment Environments

At present, Xiamen SEZ has not yet been free from the confines of the old economic structure, and this structural reform cannot keep pace with the progress of the open door. For example, despite the rapid increase in imports, the SEZ still lacks planning and unified management. In commerce, macroeconomic management and the means of regulation are still inadequate despite the high speed of currency circulation. Foreign funds are being used on an increasing scale, but because of the lack of advanced preparations,

difficulty is being experienced in management. Many enterprises with overseas Chinese capital or foreign capital and many Chinese and foreign joint ventures are now in operation, but unified management and coordination are still inadequate. Furthermore, in the absence of elaborate laws, the procedures of examination and approval are complex, while the defects of inefficiency as a result of excessive administrative levels have not been corrected. All these problems are, without exception, attributed to the old system. To suit the SEZ's new form and new characteristics, therefore, the introduction of a new management system and the adoption of new management methods are the important and urgent tasks of the moment. Now, two views are presented as follows:

A. Establishment of a price system for the SEZ that is compatible with the international price system. Since the economic activities of SEZ's are closely related to international economic activities, the use of the old domestic price control system can no longer meet the present needs. On the one hand, we must change the double determinants of commodity value in the SEZ and set the value according to the international standard based on labor hours. On the other hand, we should gradually increase the quantities and varieties of commodities (except for those important items under state control) that are subject to market regulation, and reduce the scope of planned regulation so as to eliminate the difference between domestic and foreign prices and to solve the problems of uncontrollable prices.

B. Establishment of a control system suitable for the characteristics of a pluralistic ownership system. Since the corporation economy is gradually on the rise, the state-owned enterprises should be reformed and operated under the system of ownership by stockholders and transferable ownership interests. There is now a growing tendency in Xiamen SEZ toward a pluralist system of ownership, but the old methods of management still remain. In the system of foreign fund control, there are many levels of administration among which coordination and cooperation are inadequate. Because of the lack of proper coordination among the different levels (including the municipal government, the economic and trade commission, the industry and commerce bureau, customs bureau, taxation bureau, planning bureau, the bureau in charge, the company, and so forth), and the questionable affiliation of some enterprises, such problems as difficulty in strengthening administration and ascertaining the economic results of foreign fund utilization have remained unsolved over a long period. Therefore, the system of SEZ management should be consistent with the characteristics of a pluralist ownership so that it can be managed at the appropriate levels instead of following some fixed arbitrary rules. First, while undertaking the overall planning of the SEZ, a reform should be carried out for business operation under a corporation system whereby the right to manage will be determined by share rights. Thus a new system of management will be formed to suit the development of a corporation economy in the SEZ. Second, the administrative levels should be reduced and smaller and better departments in charge should be set up. Joint conferences should be held periodically to streamline the relationships and to solve outstanding problems so that the SEZ could play its role as a "window" in the experiments of new economic policy enforcement and structural reform.

As for investment environments, a series of problems in social amenities, water and electricity supply, communications and land development have become increasingly serious along with the acceleration of foreign fund utilization and technology importation. Water and electricity supplies in particular are short of the demand. Therefore, it is essential that the infrastructural construction projects be expedited. However, the scope of such construction should be compatible with our capability and stress should be laid on economic results. According to our understanding, an amount of 850 million yuan was earmarked for capital construction in 1985. However, since the financial resources of the local government (Xiamen SEZ's revenues in 1984 was only 289 million yuan) and the state was limited, quite a big gap was left. Furthermore, since the many projects simultaneously started were not well coordinated, the economic results are bound to be poor. To provide favorable investment environments, we must first of all be sure that the scope of capital construction is based on the available manpower, money and materials, and the work should proceed in a planned and systematic way. At the same time, active efforts should be made to utilize foreign funds in supporting infrastructural construction. Second, economic legislation should be perfected so that "control by people" will be gradually replaced by control according to law, and law will be the governing factor in the SEZ's economic life. Third, the technical standards of the work force must be raised to suit the development of technology- and know-how-intensive industries. Fourth, the financial conditions should be improved to facilitate the horizontal flow of funds, and to create the necessary conditions for the floating of bonds and for stock transactions as a means of fund raising for enterprises and the society. The flow of funds among enterprises are now stifled. Two joint ventures (including one Chinese and foreign joint venture) may be cited for illustration. One of them had to earn foreign exchange but was short of RMB, while the situation of the other was exactly the reverse. Because of their different affiliations, the departments in charge, the system and the rules and regulations would not permit funds to pass between them. Their operations were thus hamstrung. Fifth, economic information and technical service companies should be formed to provide consultation, information and technical services to the SEZ's and other enterprises at home and abroad, and to serve as a bridge for importing foreign know-how.

II. Problem of Foreign Exchange Balance of Payments

At present, the problem of foreign exchange balance of payments in Xiamen SEZ for both Chinese and foreign enterprises has become a crucial one in SEZ development. The rate of foreign exchange earning is low among the joint ventures. According to statistics at the end of last year, the average foreign exchange earning rate among enterprises with overseas Chinese capital, enterprises with foreign capital, and Chinese and foreign joint ventures was less than 12.5 percent, and far from being balanced. The use of foreign exchange for the technical transformation of old enterprises is still more problematical. According to the technical plan of 1985-1987, nearly \$150 billion in foreign currency had to be spent each year, while Xiamen SEZ at present can earn only \$20 to \$50 million from its exports. This shortfall of foreign exchange will be one of the main restricting factors in technical transformation in the near future.

At present, the system of "centralized management and unified operation" for foreign exchange must be changed. The problem with the shortfall of foreign exchange may be solved in the following ways:

A. A foreign exchange regulation market should be set up in the SEZ so that the small amounts of foreign currency scattered among thousands upon thousands of households could be flexibly regulated. We can also consider the establishment of a civilian foreign exchange regulation center under the auspices of a state bank. This center will adopt a floating exchange rate so that foreign exchange could be made available to enterprises (or units, but not individuals). By transferring foreign exchange at a price higher than the established price to those enterprises in urgent need of such currency for investment in production or to maintain a balance of payments in production, it will be possible to improve the economic results of foreign currency retention and arouse the enthusiasm of the enterprises in exports for foreign exchange earning. It will also solve some of the problems of losses incurred from the difference in prices at home and abroad, and play a certain role in curbing black-market dealings.

B. We can make some efforts in developing tourism and tourist commodities to increase our foreign exchange earnings, in expanding our export of labor service or in serving foreigners in other ways (including storage, transshipping, loading and unloading, management and supplies) to offset our foreign exchange spendings comprehensively. In recent years, the number of tourists received in Xiamen SEZ has increased several times over, but our foreign exchange earnings from nontrade sources have declined a great deal. The main cause is that aside from our foreign exchange control policy and the problems of social amenities, there have been the factors of commodity supply and service quality in tourism. There are more tourist attractions in Xiamen than in Shenzhen, but the former's foreign exchange earnings amount to less than 10 percent of the latter's. In Hong Kong, 65.7 percent of the proceeds of tourism comes from the sales of tourist commodities while in Xiamen, such sales amount to only about 16 percent. Therefore, there is great potential for tourism as a source of foreign exchange.

C. We can create a new source of foreign exchange earning through direct foreign investment and work out a strategy for its development.

D. We can develop some strategic trades (in short-term foreign-exchange-earning products), support their growth, and alleviate the strain from the shortage of foreign currency so as to ensure the SEZ's smooth development.

III. Scope of Tertiary Industry To Be Expanded in a Planned Way

There is now a tendency for tertiary industry to develop blindly in Xiamen SEZ as shown in the "trade fever" and "service facilities fever." This tendency, if allowed to continue for a long time, will inevitably handicap the SEZ's importation of advanced technologies and the establishment of modern industries, and divert funds to nonproductive investment with many unfavorable results. Engels pointed out: "Production may occur without exchange, but

exchange--by the very fact that it is only an exchange of products--cannot occur without production. ...each of these two social functions constantly determine and influence each other." (Footnote 1) ("Selected Works of Marx and Engels" Vol 3, p 186) From this, we can see that the development of trading companies should be based on the needs of economic development, while the level of commodity production, in particular, should be duly raised. The unplanned development of trading companies has led to the shortage of supplies. Since the lines in which they are dealing are more or less the same and the market is not large enough to accommodate all of them, some disturbance from the unscrupulous elements may lead to a skyrocketing of prices for some goods in short supply. This not only hurts the consumers but also affects the domestic market. At the same time, the tying up of funds and the diversion of foreign exchange to improper uses would seriously handicap economic construction.

These service facilities have produced poor economic results in the absence of any overall coordination. Many service projects have been started recently (mainly in the form of hotels and restaurants), all striving to be of a high class. According to statistics, the hotels and restaurants, completed or under construction, have gradually become excessive to the demand, and it is estimated that the average utilization rate of these completed buildings will be less than 10 percent, while guest houses of the medium and lower grades are seriously insufficient. At present 15 percent of the guests cannot find any place of accommodation. Therefore, service facilities should be developed in the right proportions and with comprehensive coordination so as to accelerate the development of tourism and play the important role of promoting economic progress.

9411/13167
CSO: 4006/255

TRANSPORTATION

GUANGDONG'S IN-SERVICE HIGHWAYS RANK SECOND IN PRC

HK041037 Beijing ZHONGGUO XINWEN SHE in Chinese 0921 GMT 1 Dec 85

[Report: "The Mileage of Guangdong's In-Service Highways Ranks Second in the Country"]

[Text] Guangzhou, 1 Dec (ZHONGGUO XINWEN SHE)--During the first 10 months of this year, more than 420 kilometers of newly built highway in Guangdong came into service, an increase of more than 20 percent over last year. The mileage of highways in service throughout the province is 64,200 kilometers or so, which ranks second in the whole country.

Highway construction has been speeded up in Guangdong since the implementation of the policy of opening up to the outside world and enlivening the domestic economy. There are 10 main highways linking Guangzhou with Shantou, Shenzhen, Zhuhai, Zhanjiang, Shaoguan, and other cities. A network of communication lines has been built in the Zhujiang Delta. At present, 98 percent of the districts and 84 percent of the villages throughout the province have access to highways. There are still 28 districts and 38,000 villages in the outlying mountain regions which are not yet accessible to highways.

Highway traffic construction in Guangdong has been speeded up. It is mainly due to the implementation of multichannel ways of building highways. These include the methods of encouraging local people to build highways with government subsidy; urging districts and villages to rely on their own efforts to raise funds; encouraging Overseas Chinese and Hong Kong and Macao compatriots to make donations, and in order to build more highways. According to incomplete statistics, in recent years an accumulative total of 26,170 kilometers of highways or so have been built by relying on the method of encouraging local people in various districts and cities to build highways with government subsidy, accounting for more than 40 percent of the total mileage. Besides, more than 32,600 kilometers of highways have been built by relying on the manpower of the masses in various districts and villages and funds raised by town and township enterprises, accounting for 50 percent of the total mileage.

Seventy-nine highway bridges have been built this year throughout the province by relying on the efforts of the province to raise funds. Wooden

bridges on main highways have been basically rebuilt and turned into bridges of reinforced concrete. Bridges have been built on 10 major highways except in those places, including Jiujiang, which have their own ferry pier. People can now cross most rivers without using ferries.

More than 10 counties such as Dongguan, Panyu, Nanhai, Shunde, Zhengcheng, Xinhua and others in the Zhujiang Delta, have built highways and bridges linking these counties' districts and villages. There are nearly 100 highways in Xinhua County's districts and villages, which are over 400 kilometers in length. In addition, the county is building a number of bridges, ferries and docks in order to attain the objective that all districts and more than 90 percent of the villages are accessible by highways.

/6091

CSO: 4006/390

TRANSPORTATION

GUANGDONG TO BUILD NEW RAILWAY LINE UNDER SEVENTH 5-YEAR PLAN

HK130945 Beijing ZHONGGUO XINWEN SHE in Chinese 1408 GMT 11 Dec 85

[Text] Guangzhou, 11 Dec (ZHONGGUO XINWEN SHE)--An official of the Guangdong Provincial Planning Commission revealed that the construction of the railway linking Guangzhou to Meixian and Shantou has been included in the state's Seventh 5-Year Plan as a project to be started in the early stage of the 5-year plan.

It is learned that the preliminary budget for the building of the Guangzhou-Meixian-Shantou railway is some 800 million yuan. The state will provide 30 percent of this sum, and the construction bank will offer loans equivalent to 55 percent of the budget. Now, the Guangdong Provincial Planning Commission has set up a special group to study ways to attract foreign investment in this railway project.

According to the initial feasibility study, the Meixian-Shantou railway will be 137 kilometers long and will join the Guangzhou-Meixian railway at Niueling station, Meixian city. The Meixian-Shantou railway will pass through six counties and cities, namely, Meixian, Xingning, Fengshun, Jieyang, Chaozhou, and Shantou. Along the railway line, more than 30 large and medium-sized bridges will be built, and a number of tunnels will be excavated. After the project is completed, direct railway links will be formed between eastern Guangdong and Guangzhou, through to Shenzhen. According to a long-term plan, railways will be built from Meixian and Shantou to Jiangxi and Fujian provinces and a perfect railway grid will be formed in eastern and southern China.

/9274
CSO: 4006/421

TRANSPORTATION

BRIEFS

HUANG HE BRIDGE OPENING--The Changdong Bridge over the Huang He--a key project in the Sixth 5-Year Plan--opened to traffic on 31 October. This is a single-track railway bridge, linking Shandong and Henan Provinces. It is nearly 10.5 kilometers long. This is 3.5 kilometers longer than the Chang Jiang Bridge at Nanjing. [Summary] [Beijing Domestic Service in Mandarin 2230 GMT 31 Oct 85 OW] /6091

TIANJIN FREIGHT HANDLING--The Tianjin Harbor Bureau has overfulfilled its 1985 annual state freight-handling quota 2 months ahead of schedule. By the end of October, it has handled 1.56 million metric tons of freight. [Summary] [Beijing XINHUA Domestic Service in Chinese 1441 GMT 1 Nov 85 OW] /6091

GUANGDONG OPEN PORT--The State Council recently approved the opening of the Guanghai Port in Guangdong to vessels of foreign flags, and the inauguration of a Guanghai-Hong Kong-Macao liner service. [Excerpts] [Beijing XINHUA Domestic Service in Chinese 0036 GMT 1 Nov 85 OW] /6091

NANJING ECONOMIC SEMINAR--The seven cities of Chongqing, Yichang, Wuhan, Jiujiang, Anqing, Wuhu, and Nanjing jointly held a seminar on the economic activities of the port cities along the Chang Jiang, the first of its kind, in Nanjing from 27 October through 1 November. In a move to strengthen cooperation among the port cities along the Chang Jiang, economists and theorists attending the seminar exchanged information on, and experience in, carrying out economic structural reforms and promoting water transport services. They also discussed issues on jointly developing water transport services on the Chang Jiang. [Text] [Shanghai City Service in Mandarin 2300 GMT 3 Nov 85 OW] /6091

GUANGDONG TRANSPORT, COMMUNICATIONS--The province speeded up the development of communications and transportation in the process of readjustment and reform during the period of the Sixth 5-Year Plan. The province fulfilled the targets set in the Sixth 5-Year Plan for the volume of freight, the number of passengers, and the amount of cargo handled by harbors. During the Sixth 5-Year Plan, the province built or expanded some 1,150 kilometers of highway, and built 59 independent bridges. In 1984 alone, the province completed 20 bridges each with a length of more than 100 meters, an all-time high. By the end of 1984, the total length of highways in the province was some 63,090 kilometers. The province also speeded up the development of

railway, civil aviation, and sea transportation. During the Sixth 5-Year Plan, the province built or expanded 55 ports, bought 337 vessels, and increased its cargo handling capacity by 540,000 tons. [Excerpts]
[Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 3 Dec 85 HK]
/6091

SHENYANG CAA OPENS TWO ROUTES--Effective 17 November, the Shenyang Civil Aviation Administration in Liaoning Province, newly opened two domestic air routes. One route is between Shenyang City and Nanjing City, Jiangsu Province, with stopovers in Dalian City, Liaoning Province, and Qingdao City, Shandong Province. Its regular flights are on Wednesday and Sunday each week. The other is between Dalian City, Liaoning Province, and Harbin City, Heilongjiang Province, with a stopover in Changchun City, Jilin Province. Its regular flight is on Tuesday each week. The An-24 passenger planes will be used for flight service on these new air routes. [Text] [Shenyang LIAONING RIBAO in Chinese 18 Nov 85 p 1 SK] /9274

NEW HELICOPTER TEST FLIGHT CONDUCTED--The first test flight of China's new multipurpose Zhi-8 type helicopter was successfully conducted in Jingdezhen City this afternoon. The helicopter is designed and manufactured jointly by the (Changhe) Aircraft Manufacturing Plant and China Helicopter Design and Research Institute. Ye Zhengda, vice chairman of the Science and Technology Committee of the Commission of Science, Technology, and Industry for National Defense; Wang Ang, vice minister of Aviation Industry; Liu Fangren, deputy secretary of the Jiangxi Provincial CPC Committee; as well as leading members of the provincial committee of science, technology and industry for national defense and party and government leaders of Jingdezhen City attended today's test flight ceremony. [Text] [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 11 Dec 85 OW] /9274

CSO: 4006/421

9 January 1986

TAIWAN

ROC FORMULATES 1986 FOREIGN TRADE PLAN

OW140917 Taipei Domestic Service in Mandarin 2300 GMT 12 Dec 85

[Text] The Council for Economic Planning and Development of the Executive Yuan has drawn up a foreign trade development plan as part of the 1986 economic construction program.

It is expected that our country's foreign trade will continue to prosper next year. To alleviate the pressure on commodity prices caused by the large trade surplus, restrictions on imports will be further lifted next year, when the total amount of imports and exports of commodities and labor is expected to break the U.S. \$60 billion mark and reach U.S. \$62.99 billion. Of this amount, exports account for U.S. \$35.1 billion, and imports U.S. \$27.89 billion, leaving a favorable balance of trade of U.S. \$7.2 billion.

According to the Council for Economic Planning and Development, the world economic situation next year will be better than this year's. The devaluation of the U.S. dollar will help promote exports, and a brisk export trade will in turn spur on domestic investment and the replenishment of stocks, thus resulting in a greater need for imports. Because of this, the growth of imports is expected to surpass that of exports, which means a reduction of the trade surplus.

/9274

CSO: 4006/452

TAIWAN

TAIWAN, JAPAN BUSINESS LEADERS END TAIPEI TALKS

OW161241 Taipei Domestic Service in Mandarin 2300 GMT 13 Dec 85

[Text] Taipei—The 13th East Asian Economic Conference between Chinese and Japanese industrial and business leaders has ended. The conference issued a joint statement, saying that it will strengthen economic cooperation and trade on the basis of the principle of mutual benefit, further develop the free trade system, and strive to strike a balance in trade between the Republic of China [ROC] and Japan.

At the East Asian Economic Conference, Koo Chen-fu, leader of the Chinese delegation and chairman of the ROC society for the promotion of industry and commerce, and Shuju Hasegawa, chairman of the (?Society for the Promotion of Business of Japan) and head of the Japanese delegation, signed the joint statement yesterday.

The joint statement pointed out: The two countries will further strengthen economic cooperation on the basis of the principle of mutual benefit, promote the exchange of visits between people of business and financial circles of the two countries, and develop tourism in a cooperative way.

The statement added: Both the ROC and Japan should strive to reduce the trade imbalance between the two nations. Therefore, by making more investments in the ROC, strengthening technical cooperation with the ROC, and helping the ROC raise its technical standards and industrial structure, Japan will be able to do a great deal in helping maintain the trade balance between the two countries.

/9274

CSO: 4006/452

HONG KONG

SINO-BRITISH TALKS ON HONG KONG LAND PRODUCTION CONTINUE

HK130545 Hong Kong SOUTH CHINA MORNING POST in English 13 Dec 85 p 19

[By Frank Choi]

[Text] The Sino-British Land Commission is expected to reach an understanding on the complex land production cost today at their resumed meeting.

But the leader of the Chinese team, Mr Sun Yanheng, said before a Land Commission meeting yesterday that the share for land production would not exceed 40 percent of the total land revenue.

The two sides yesterday failed to reach a conclusion at their sixth session on the prickly problem of calculating the average cost of land production. The calculations relate to the share revenue agreement on land sale as stipulated in the Sino-British Joint Declaration.

The two sides conferred for about four hours and decided that more time would be needed.

The leader of the British team, Mr John Todd, who is also the Director of Lands, confirmed that yesterday's prime focus was on land production cost.

The meeting had been postponed for a week to allow more time for the two sides to study background information.

It was understood that both sides had to agree on a formula for the calculation of land production cost before money from land sales could be shared equally between the Hong Kong and future Special Administrative Region governments.

The issue had been raised in earlier meetings but was found too complicated and both sides agreed to postpone their discussions until they studied the background information.

The designated deputy secretary for general duties, Mr Donald Tsang, had his first lesson on the work of the Land Commission yesterday when he joined the meeting at a member of the British team.

Mr Tsang will replace the current deputy secretary for general duties, Mr John Chan, who was also in yesterday's meeting, as a member of the commission.

/9274

CSO: 4020/138

HONG KONG

HONG KONG EXPORTS DOWN 11 PERCENT IN THIRD QUARTER

HK260451 Hong Kong HONG KONG STANDARD (BUSINESS STANDARD Supplement) in English 26 Nov 85 p 8

[Text] It was a gloomy third quarter this year for Hong Kong. The government's economic report, released yesterday, showed an 11 percent drop in domestic exports, and a 14 percent decline in retained imports of capital goods compared with the same period last year.

Domestic exports to all major markets declined except to China but even so, there was a sharp deceleration in the year-on-year growth rate of domestic exports to the mainland.

What might be regarded the silver lining in the clouds was that re-exports still recorded growth by about 23 percent in real terms, and there was a visible trade surplus of about 8 percent of import values in the third quarter, with low inflation and unemployment rates.

In real terms, total exports grew by an estimated 1 percent while retained imports of consumer goods were estimated to show no change in the third quarter of 1985 over the same quarter last year. Retained imports of capital goods declined by about 14 percent in real terms.

The reports notes that the unemployment and underemployment situation for the labor force as a whole deteriorated slightly in the third quarter compared with the second quarter of 1985, but was little changed from the first quarter.

The seasonally adjusted unemployment rate in the third quarter of 1985, at 3.4 percent, was higher than in the second quarter, at 3 percent, but roughly the same as in the first quarter, at 3.3 percent.

The underemployment rate in the third quarter of this year was 1.3 percent compared with 1 percent in the second quarter and 1.3 percent in the first quarter.

The rate of inflation remained at a relatively low level during the first three quarters of 1985. The year-on-year rate of increase in the Consumer Price Index (A) averaged 3 percent in the third quarter of 1985, against 3.3 percent in the previous quarter and 8.6 percent recorded in the third quarter of 1984.

The Consumer Price Index (B) was on average 3.3 percent higher in the third quarter of 1985 than in the third quarter of 1984, while the Hang Seng Consumer Price Index was 3.4 percent higher.

On the external sector, the report notes that with the major exception of China domestic exports to all major markets declined in the third quarter of 1985 over the same period last year.

While domestic exports to China grew by about 21 percent in real terms, those to the United States, the United Kingdom, West Germany and Japan declined by about 11 percent, 22 percent, 18 percent and 15 percent respectively in real terms.

The relatively high value of the U.S. dollar and thus the local dollar and the relatively low growth rates of major overseas economies, particularly the United States, in the first three quarters of this year largely contributed to these declines.

There was a sharp deceleration in the year-on-year growth rate in real terms of domestic exports to China during the course of the first nine months of 1985, from 96 percent in January to an estimated 9 percent in September, reflecting China's recent tightening of control over its foreign exchange spending.

Comparing the third quarter of 1985 with the third quarter of 1984, imports grew by about 2 percent in real terms. Reflecting the faster growth in imports for subsequent re-export, retained imports declined by an estimated 9 percent in real terms.

Over the same period, the value of total exports (domestic exports plus re-exports) showed no change while that of imports decreased by 2 percent.

A visible trade surplus, which was equivalent to 8 percent of the value of imports, was recorded in the third quarter of this year, against a surplus of 5 percent in the third quarter of 1984.

On the financial sector, the report notes that there continued to be ample liquidity in the Hong Kong dollar money market, which exerted downward pressure on local interest rates. This was particularly so in July and early August, during which the overnight interbank rate fell at times to below 2 percent.

The report said as both the money market rates and the deposit rates set by the Hong Kong Association of Banks were consistently below the U.S. dollar interest rates, the growth rate of Hong Kong dollar deposits was lower than that of foreign currency deposits.

On the labor sector, the report observes that, comparing June 1985 with June 1984, employment in the services sector--particularly in the wholesale, retail, import and export trades--increased. But this was partly offset by the decline in employment in manufacturing and on building and construction sites.

The report observes that the slowing down in manufacturing activity continued into the third quarter of this year, as evidenced by the figures on domestic exports, the order-book position of a selection of large manufacturers, retained imports of raw materials and semimanufactures, and electricity consumption by the industrial sector.

On the property sector, the report says that renewed confidence coupled with the successive reductions in mortgaged rates have helped to stimulate demand for residential property.

Also, demand for commercial property in prime locations continued to improve, and prices and rentals in these areas increased.

The report says the demand for high quality industrial property appeared to have been sustained, with prices and rentals showing some increase.

On prices, the report says that the relatively low rate of inflation was due to a number of domestic and external factors. For example, aggregate demand in the economy was not particularly strong, the exchange rate of the Hong Kong dollar remained relatively stable against the U.S. dollar, the rates of inflation in Hong Kong's major trading partners were moderate, and world commodity prices were generally soft.

/9274

CSO: 4020/138

HONG KONG

HONG KONG DOMESTIC EXPORTS FALL 11 PERCENT IN OCTOBER

HK270801 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 27 Nov 85 p 1

[By Paul Baran]

[Text] Trade figures released yesterday showing another drop in domestic exports and a lower rate of re-export growth, virtually killed any remaining hopes of a turnaround in the territory's sagging external trade performance.

The Census and Statistics Department figures showed domestic exports plunged 11 percent to \$11.1 billion last month on a month-on-month basis, while re-exports hit \$8.4 billion, up only seven percent over the same period.

Imports last month rose almost two percent to \$19.9 billion over the year-ago month, giving the territory a \$368 million trade deficit against a \$748 [million] surplus last year.

For domestic exports, last month's drop is the eighth in a row.

Total exports last month, including re-exports, fell four percent to \$19.5 billion.

Domestic exports registered seven percent and eight percent month-on-month drops in September and August, respectively, while re-exports scored gains of 16 percent and 23 percent in the same two months.

On a year-to-year basis, the decline in domestic exports was seven percent to \$106.1 billion, with re-exports up 31 percent to \$87 billion.

Imports rose 3.4 percent to \$188.9 billion in that period, giving the territory a \$4.2 billion trade surplus for the year so far against a \$1.8 [billion] deficit in the year-ago period.

The figures support the move of the financial secretary, Sir John Bremridge, to admit his mid-year forecast of 4-1/2 percent growth in Gross Domestic Product was unrealistic.

That forecast was based on a one percent gain in domestic exports this year.

Trade analysts were quick to blame the on-going clamp-down on foreign exchange controls in China--Hong Kong's major re-export market--for the drop in that sector's growth.

They pinned the continuing slump in domestic exports on a variety of worldwide economic factors, ranging from the strength of the U.S. dollar--to which the Hong Kong unit is pegged--to a slowdown in the economies of Hong Kong's many trading partners, particularly the U.S., in the first three quarters of the year.

Against September, domestic exports last month grew 1.7 percent to \$11.1 billion, with re-exports up 1.8 percent to \$8.4 billion and imports up 9.6 percent to \$19.9 billion.

In the past three months, domestic exports fell almost 12 percent to \$34.1 billion, re-exports rose 15 percent to \$25.5 billion, while imports fell less than one percent to \$57 billion.

During that period, the territory's trade surplus narrowed to \$2.3 billion against the \$3.5 billion in the year-ago period.

Over the last 12 months, domestic exports fell 4.4 percent to \$129.6 billion, re-exports rose 32.7 percent to \$104.1 billion, while imports gained 9.2 percent to \$229.6 billion.

That performance gave the territory a 12-month trade surplus of \$4.1 billion, against a \$4.5 billion deficit in the year-ago period.

/9274

CSO: 4020/138

HONG KONG

HONG KONG ELECTRONICS, CLOTHING, TEXTILE EXPORTS DROP 'SIGNIFICANTLY'

HK040641 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 4 Dec 85 p 3

[By BUSINESS NEWS Editor Jerry Norton]

[Text] Hong Kong's electrical and electronic product exports dropped 25 percent in value in the third quarter compared with the same period a year earlier, the biggest decline among leading product groups.

Statistics released by the government yesterday also showed wearing apparel and textiles falling significantly, by 14 and 11 percent, respectively.

In line with other statistics in recent months demonstrating a steady weakening in foreign demand for Hong Kong products, the figures found the overall value of domestic merchandise exports down 12 percent in the third quarter against the same period a year earlier.

In absolute figures, that reflected a \$4.7 billion drop to \$34.5 billion.

Among the specific categories, electrical and electronic product exports plunged \$2.2 billion to \$6.9 billion, wearing apparel \$1.2 billion to \$7.7 billion, and textiles \$800 million to \$6.4 billion.

Notable declines were also registered for plastic products, basic metals and fabricated metal products, chemicals, agricultural goods, rubber products and several other categories.

The U.S. computer industry, a prime market for Hong Kong electronic goods, has been experiencing a major shake-out this year that has hurt a number of local firms.

The most prominent casualty has been Atlas Industries, which went off the stock market boards this fall after piling up substantial debts when IBM cancelled orders with the company.

A glut in the U.S. telephone market, combined with a change in technical standards there also hit Hong Kong suppliers, while the general failure of the U.S. to maintain a fast pace of economic growth this year has been no help on the electrical appliance side.

The last has been a negative factor for textiles and apparel as well, as has a consistent toughening of U.S. import restrictions on those goods.

Exchange rates have also received part of the blame. The pegging of the Hong Kong dollar to the U.S. unit has made Hong Kong goods relatively more expensive in non-U.S. markets, making it difficult for those areas to pick up the slack created by slow U.S. demand.

Another factor has been China's clampdown on foreign exchange spending and imports of certain items, preventing that market from taking off as much as local businessmen had hoped.

Despite the problems, some industries did buck the general downtrend, with tobacco exports up 157 percent, electricity 101 percent, beverages 40 percent and footwear 31 percent.

But while impressive in percentage terms, in absolute value those increases fell well short of the magnitude needed to balance the declining sectors, which tended to be much more important in Hong Kong's overall trade picture.

For example, tobacco was the biggest gainer in dollar figures, but that meant a rise of just \$155 million, to a \$253 million total.

In contrast, of the six most important industry groups to Hong Kong in value terms, the only one not to show a decline was that of professional and optical equipment, which managed an increase of just two percent.

/9274

CSO: 4020/138

HONG KONG

HONG KONG DOMESTIC EXPORTS FALL 7 PERCENT

HK160741 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 16 Dec 85 p 1

[By Robert Mayerson]

[Text] Domestic exports to all of Hong Kong's major markets, except China, plunged in the first 10 months of this year, according to figures released by the Census and Statistics Department yesterday.

The largest percentage decreases were to Britain (20 percent), West Germany (20 percent) and the Netherlands (17 percent), where the effects of a slow economic recovery, combined with a relatively strong Hong Kong dollar, spoiled the attractiveness of many local products.

Protectionism-threatened exports to the U.S. Hong Kong's largest market, fell much more gradually at nine percent.

But the sheer size of the total meant the \$4.5 billion drop in U.S. purchases nearly equalled the decrease in shipments to all other major markets combined.

China was the only export bright spot, with a 47 percent increase in local purchases to \$12.7 billion for the 10 months.

China trade also dominated the healthy entrepot trade area as re-exports to the country jumped 89 percent to \$38.8 billion.

Re-exports to the U.S., Japan and West Germany also increased, with much of the increase believed to be based on shipments through Hong Kong of China-made products.

China itself was the destination for nearly 45 percent of all re-exports.

Although nearly all domestic export categories saw declines in the first 10 months, the worst rates of decrease were seen in electrical and electronic goods.

Exports of telecommunications and sound equipment plunged 18 percent, or \$1.6 billion, while shipments of electrical machinery and appliances fell 13 percent, or \$1.3 billion.

Clothing exports, the largest category, declined at a more gradual rate of seven percent in the 10 months.

Clothing exports to the U.S. in fact, rose one percent, or \$104 million, but this was overcome by drastic decreases in shipments to Britain and Germany, down 18 and 23 percent, respectively.

Analysts say Hong Kong products in those markets are facing ever stiffer competition from clothing manufactured in low-cost European countries like Spain and Portugal.

But, again, the size of the clothing category meant the \$2.8 billion drop was the largest in monetary terms.

The most significant decreases in shipments to the U.S. were also in electrical and electronic goods, with a 32 percent fall in exports of telecommunications and sound equipment leading the list.

Sales of office machines dipped 29 percent, or \$1.4 billion, and those of electrical appliances slipped 17 percent, or \$902 million.

High-technology goods made up the bulk of China's export increase, with a 248 percent jump in the purchases of locally-made office machines to \$1.03 billion.

Other increases were seen in telecommunications and sound equipment and such items as baby carriages, toys and games.

On the import side, significant increases were seen in shipments from Taiwan (up 23 percent), Germany (up 23 percent), Italy (up 20 percent) and Korea (up 19 percent), while the two largest suppliers, China and Japan, increased their sales to the territory by one and four percent, respectively.

As reported earlier, total domestic exports dropped by seven percent in the 10 months to \$106 billion, while imports added on three percent to \$189 billion.

Re-exports rose three percent to \$87 billion.

/9274

CSO: 4020/138

HONG KONG

HONG KONG INDEX DROP LINKED TO 'POLITICAL RUMBLINGS'

HK280616 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 28 Nov 85 pp 1, 4

[By Eric Ellis]

[Excerpts] It was only half a trading session, but it was 2-1/2 hours most bulls would prefer to forget.

The market lost a whopping 32.10 points in the first hour of business, and found only 0.13 of a point in later trading to strike home the fact that Hong Kong investors are still more than a little nervous when it comes to political rumblings concerning the territory's future.

Many analysts, who on Monday said the comments of NEW CHINA NEWS AGENCY head Xu Jiatun were almost forgotten as the market corrected half of Friday's losses, were forced to think again as "latest developments" from the current bout of discussions concerning Hong Kong's future were being thrashed around the market.

The market, a fair litmus test of confidence levels in the territory, is becoming increasingly jittery and cautious about the outcome of the talks.

With many investors seeing no firm acknowledgment of goodwill, compromise or declaration emerging, the very basis of the current bullish phase is being posed a real threat.

The market has weathered fiercer storms than this one, but just when record prices were about to be breached and capitalizations rerated, political nervousness has raised its head.

But the basic fundamentals have not changed.

The big companies, the Cheung Kong group, the Wharf empire and similar entities, are still cashed up and looking for acquisitions, if not already working on strategies, but several other ventures must be watching developments in Beijing with a keen eye.

Feeling from the trading floor is that investors must take into account the various wild cards thrown up by politicians, but that "sanity" will prevail in the long run.

The underlying bullish sentiment which has blossomed into a runaway Hang Seng Index for the past two months is somewhat at odds with this recent spate of flexing of the political muscles.

Market participants want it to go, to move, but feel hesitant about actually doing something about it lest they get their fingers--and portfolios--burned.

Analysts concur that in the days before Mr Xu made his controversial remarks, it was takeover and corporate activity, real and speculated, which fuelled the rises, which spawned the resultant profit-taking.

That corporate scene has been understandably quieter this week and last, prompting an element of concern that something is needed to give it another spur along in case the drawing out of the political process takes away too much momentum.

For the local record the Hang Seng Index remained above 1,700 points, but only just at 1,706.38 points and further markdowns are expected before resolutions to the political question are clarified.

It wasn't all Sino-Hong Kong-British toing-and-froing which gave the market the jitters.

As bank rates moved up, so did the expectation that the prime interest rate would be increased by a point at Saturday's meeting of the Hong Kong Association of Banks.

The local dollar continues to strengthen against a U.S. dollar under pressure from a Japanese yen, all of which bears relevance to the question of local interest rates, which are still attractive by world standards even raised another point.

/9274

CSO: 4020/138

HONG KONG

CATHAY PACIFIC FLOAT, 1997 POLITICS INFLUENCE HONG KONG MARKET

HK300434 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 30 Nov 85 pp 1, 4

[By Eric Ellis]

[Text] Yesterday's share market jumped sharply ahead in a session heavy with ingredients on which the romance of Hong Kong investment is founded.

A variety of rumors, the politics of 1997, a major corporate move in the form of the flotation of Cathay Pacific all figured in the action as the Hang Seng Index rose 31.45 points to 1,716.95.

Jardine Matheson, as so often happens, was one of the prime rumor subjects.

Jardines' ruling Keswick family was held by the speculation to have off-loaded their estimated eight percent of the hong to interests associated with Mr Li Ka-shing, as a prelude to a rumored wider tilt at the most venerable of Hong Kong's traders.

That talk was generally treated with the appropriate measure of disdain, and observers reported "that a light is still burning. on the 48th floor of the Connaught Centre."

Whatever the reasons, Jardines put on an impressive 40 cents to finish at \$13.10.

Another event of major significance to yesterday's market, and indeed the sessions ahead, was a little more tangible--the outcome of the Beijing Joint Liaison Group [JLG] meeting concerning the future of Hong Kong.

The market has experienced a volatile week, due mostly to the earlier musings by the head of the NEW CHINA NEWS AGENCY here, Mr Xu Jiatun, be they unwitting, calculating or heavy-handed.

Market insiders were cautious all day pending some information as to how the discussions were proceeding, mindful of the 50-point collapse of a short week ago.

But there was no such collapse yesterday. The Hang Seng Index's hefty gain once again gave the leg-up well over the psychological 1,700-point barrier.

The announcement many had been waiting for, the JLG press statement, was not released until after the market closed. When it came there were audible sighs of relief from participants eager for some news.

Analysts, who indicated many investors had anticipated a positive announcement, expressed mixed feelings over the actual statement and its likely effect on the market.

They said the carefully worded release lent itself to some interpretation and saw several significant points to consider when reading between the lines.

The eight-paragraph statement is somewhat colorless in its description of the crucial talks, but it does offer Hong Kong citizens reassurances the discussions were held in an "atmosphere...friendly and co-operative."

Six of the references to the summiteers call them the "group" as a collective, drawing no distinction between either negotiating party, and thus giving an impression of co-operation and agreement.

However, in alluding to the developing furor over the direction of basic law proceedings, the wording is different.

"The two sides discussed recent changes in the political system in Hong Kong," the statement says.

"Recent changes," of course, refers to the disquiet expressed by Mr Xu and echoed catastrophically in a 50-point decline in the market and volatility during the week.

The use of the words "two sides" rather than "group" in that reference and that reference only was interpreted by some as suggesting an adversary situation instead of a cooperative meeting of the minds on that sensitive issue, and that efforts to smooth the waters in that regard may be meeting some resistance.

All of which has considerable relevance for the Hong Kong market and the attitude of local investors, but more particularly for the conservative foreign money which provides the foundation of a solid market in the world arena.

Broking research ex-London suggests Hong Kong has some short-term bargains, with the emphasis on short-term, with the brokers shying away from recommending long-term punting.

Volume has been noticeably thinner (\$264 million yesterday) since the Xu affair exploded into public prominence, and it appears the market needed the corporate news gen of Swire Pacific's decision to float Cathay, in addition to cautious optimism about the Beijing talks, to give it yesterday's bullishness.

Swire, understandably, was traded up in Hong Kong after brisk overnight buying in the city, and the stock closed 50 cents stronger at \$29.60.

Yet, dealers were saying that now that much of the mystery as to Swire's intentions has left the stock, so might the bulls, who traded it to record levels on the speculation and could sell on the firm news, in the belief the market has discounted the Cathay float proposal.

To complete a classic Hong Kong session, there was serious talk about the affairs of a bank which has been suggested on more than a few occasions to be under pressure, but yesterday was moving ahead.

Ka Wah, whose board has consistently rejected speculation the bank is in any difficulty, was marked up seven cents to \$1.11, with rumors of a China-backed bid at \$1.07 a share.

The stock was the most prominently traded on all exchanges and rose to \$1.14 at one stage.

/9274

CSO: 4020/138

9 January 1986

HONG KONG

HONG KONG TRADE MISSION TO VISIT TIANJIN, SHENYANG, DALIAN

HK120619 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 12 Dec 85 p 3

[By Paul Baran]

[Text] Beijing's continuing curbs on foreign exchange spending are not expected to deter local firms from taking part in the Trade Development Council's [TDC] first business mission to three major northeastern cities.

In fact, a TDC spokesman said yesterday the 40-member mission to Tianjin, Shenyang and Dalian, from 23 March to 9 April, should be oversubscribed.

The mission is part of the council's strategy of expanding trade links with China, now Hong Kong's second largest export market.

China is also Hong Kong's largest market for re-exports and imports.

Local domestic exports to China in the first eight months of this year soared 61 percent to \$10.4 billion over the year-ago period.

Re-exports rose 116 percent to \$32.3 billion.

The council recently sharply raised the percentage of its resources devoted to China.

There is also increasing emphasis on Japan. The council is organising a mission to go there from 26 January to 6 February.

China trade sources said conditions are ripe in the three cities for mission members to generate strong sales.

They noted, however, the TDC has been slowed to wake up to China's potential and its latest move seems to be a spin-off from the weakness in the U.S. market.

The China mission, sponsored by the subcouncils of the China Council for the Promotion of International Trade in the three cities, follows others organised by the TDC in recent years to Guangzhou and Shanghai.

Both Tianjing and Dalian are busy port cities with the same status as provinces.

Landlocked Shenyang, the capital of Liaoning Province, is a major industry base.

The spokesman said Beijing's tough foreign currency controls are aimed at curbing spending on luxury items.

As a result, the focus of the mission will be on sales of non-luxury items, including heavy machinery.

The country's latest foreign exchange reserves figure for the third quarter was also at its highest level for a year, he said.

The foreign exchange controls, introduced earlier this year, have put a big dent in exports of many items to China.

The mission also stands to benefit from the current trend towards decentralisation in the country, the spokesman said.

During the trip, he said delegates will be able to visit other major business centres in the vicinity to promote sales and keep up with the latest economic developments.

Investment opportunities in the region can also be explored, he said.

During the trip, the council plans to conduct several seminars and small product exhibitions, he said.

The mission will cost the TDC about \$250,000 in promotion and related expenses.

Although partially subsidized, members will pay their own expenses.

/9274

CSO: 4020/138

HONG KONG

PRC HAS FINANCIAL STAKE IN HONG KONG'S 2D CROSS HARBOR TUNNEL

HK060711 Hong Kong HONG KONG STANDARD in English 6 Dec 85 pp 1, 24

[By Stephen Morgan]

[Excerpts] A consortium led by the giant Japanese construction firm Kumagai Gumi has won the \$3 billion contract to build the second cross harbor tunnel.

This is one of the largest construction projects announced in recent years and a major partner is the China International Trust and Investment Corporation.

Work on the 2.5 km Eastern Harbor Crossing linking Cha Kwo Ling on Kowloon to Quarry Bay on the island will begin early next year and is expected to be completed by late 1989.

The secretary for transport, Mr Lan MacPherson, said the project demonstrated the long-term confidence of investors in Hong Kong.

Bidding for the contract was a fierce struggle between the Kumagai group, renamed the New Hong Kong Tunnel Consortium, which is backed by Chinese interests, the present Cross Harbor Tunnel Company and the Jardine Matheson subsidiary Gammon Construction.

"It expressed the very high degree of confidence those who put in for the contract have in the future of Hong Kong," Mr MacPherson said.

The contract calls for the financing, building and operation of the new crossing which will be a joint road and rail link. The consortium also has the right to sublease the management of toll collection and maintenance of the tunnel.

The consortium comprises four main partners: Kumagai Gumi and its associates, the Chinese-backed Everbright and the Japanese firm Murubani Corporation; Lilley Construction of Britain; the local Paul Y Construction; and, China International Trust and Investment Corporation (Citic).

Apart from Citic, the other firms are all major construction companies which have handled a number of large MTR [Mass Transit Railway] contracts, Kumagai building the MTR tunnel.

Because of the Chinese interests, the consortium was widely tipped as the front runner for the contract. Yesterday, Mr MacPherson refused to say whether this was a factor. He merely pointed out that the offer provided the most attractive package of engineering, finance and toll stability conducive to meeting the needs of the community for a second tunnel.

The government press release listed Citic as the fourth partner, whereas the consortium listed it as the second after Kumagai Gumi, which may suggest the importance of Citic in the composition of the group.

It is understood the consortium will inject \$1.25 billion in equity into the project. But last night it was reluctant to discuss any aspects of how the project would be financed and the share of each of the major partners in the deal.

These details would be made available once the project was underway, the spokesman told THE STANDARD.

/9274

CSO: 4020/138

HONG KONG

BRIEFS

HONG KONG STOCK MARKET RECOVERING--After the flight to nether regions on Friday, buyers returned to the market yesterday to indulge in some selective buying and push the Hang Seng Index up by 23.67 points to 1,736.49. Apparently cooler heads had decided that Beijing was not trying to torch the place as was the general impression in the market place on Friday when the index shed nearly 50 points. Over the weekend, attempts had been made to rationalise Xu Jiatun's criticism of the British attempts at political reforms in the territory. Although there was no attempt by Beijing to back down on its stand, both parties were showing a willingness to sound reasonable and not rock the boat. At least that is how Hong Kong chose to read the situation. The market, contrary to expectations, opened strongly. [Excerpt] [Hong Kong HONG KONG STANDARD (BUSINESS STANDARD Supplement) in English 26 Nov 85 p 1 HK] /9274

CSO: 4020/138

END

JPRS-CEA-86-005

14 January 1986

China Report

ECONOMIC AFFAIRS



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

14 January 1986

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

PRC Official Proposes Policy on Reform Plan for 1986 (Guangdong Provincial Service, 11 Dec 85)	1
Quality of Leadership in PRC Key Enterprises Improved (ZHONGGUO XINWEN SHE, 28 Nov 85)	2
Telephone Calls From PRC to Taiwan Now Possible (SOUTH CHINA MORNING POST, 16 Dec 85)	3
Further Invigoration of Statistical Work Discussed (TONGJI, No 7, 17 Jul 85)	5
Reform of Statistical Work Discussed (Tan Yi; TONGJI, No 7, 17 Jul 85)	9
Briefs 'China in 2000'	12

PROVINCIAL AFFAIRS

Xinjiang Secretary Commends Beijing-Urumqi Trains (Han Wenhui; XINHUA Domestic Service, 12 Dec 85)	13
Beijing Speeds Up Private Telephone Installation (Wu Wei; CHINA DAILY, 6 Dec 85)	14
Liaoning's Achievements in Communications Networks Noted (Liaoning Provincial Service, 10 Dec 85)	16
Liaoning Statistics on Market Situation (Liaoning Provincial Service, 4 Dec 85)	18

Hebei Reports Achievements in Industrial Production (Hebei Provincial Service, 1 Dec 85)	19
Henan Develops New Characteristics in Industrial Production (Henan Provincial Service, 9 Dec 85)	21
Henan Holds Meeting on Production in Prefectures, Cities (Henan Provincial Service, 11 Dec 85)	23
Nei Monggol Overfulfills Annual Revenue Plan (Nei Monggol Regional Service, 11 Dec 85)	24
Nei Monggol's Fulfillment of 6th 5-Year Plan (Nei Monggol Regional Service, 2 Dec 85)	25
Briefs	
Harnessing Two Rivers	26
Mayor Inspects Traffic	26
Engineering Society Congress	26
Fujian Industrial Output Value	27
Fujian Governor Inspects Township	27
Fujian Governor Meets UN Official	27
ECONOMIC PLAN	
Hebei CPC Session Discusses Seventh 5-Year Plan (HEBEI RIBAO, 18 Oct 85)	28
AGGREGATE ECONOMIC DATA	
Briefs	
Fujian Rural Enterprises	31
ECONOMIC MANAGEMENT	
PRC Paper on Development Trend of Township Enterprises (Gao Hongbin, et al.; RENMIN RIBAO, 6 Dec 85)	32
Improved Enterprise Operation, Management Urged (Sun Zhigang; RENMIN RIBAO, 27 Sep 85)	36
Leader Urges Strengthened Management of Industry, Commerce (ZHEJIANG RIBAO, 10 Sep 85)	40
Report on Unreasonable Collection of Funds in Shenyang (Liu Guosheng; RENMIN RIBAO, 15 Nov 85)	43
Zhejiang Industries Maintain Momentum During Reform (Gong Jiao; ZHEJIANG RIBAO, 10 Oct 85)	45
Shanxi Encourages Rural, Urban Commercial Interchange (SHANXI RIBAO, 23 Oct 85)	48

Strengthen Horizontal Economic Ties To Develop Sichuan (Jiang Zeting; SICHUAN RIBAO, 15 Oct 85)	49
Questions on Controlling Investment Scale of Fixed Assets (Zhou Daojiong, Tian Chunsheng; RENMIN RIBAO, 14 Nov 85)	52
Reorganization of Hebei Cooperatives Succeeds (HEBEI RIBAO, 8 Oct 85)	56
FINANCE AND BANKING	
Wang Bingqian Addresses Financial Work Conference (XINHUA Domestic Service, 13 Dec 85)	58
Shaanxi's Li Qingwei Speaks at Forum on Finance, Trade (Shaanxi Provincial Service, 5 Dec 85)	60
Progress in Auditing Uncovers Financial Violations (Chen Naijin, Wang Yingchun; XINHUA Domestic Service, 15 Dec 85)	62
Shandong Successful in General Tax-Finance Survey (Shandong Provincial Service, 15 Dec 85)	64
Heilongjiang: Telephone Conference on Tax, Financial Survey Held (Heilongjiang Provincial Service, 11 Dec 85)	66
Briefs	
Recovered Currency Increases	67
Shanghai Delinquent Payments	67
MINERAL RESOURCES	
Shaanxi's Mineral Resources (Dong Yingbi; ZHONGGUO DIZHI, No 8, 13 Aug 85)	68
Briefs	
Shandong Mineral Production	72
INDUSTRY	
Beijing Official on Changes in Industry (XINHUA, 5 Dec 85)	73
PRC Paper on Prospects for Tourist Industry (JINGJI RIBAO, 6 Dec 85)	75
China's Sluggish Automobile Market Takes Favorable Turn (ZHONGGUO XINWEN SHE, 29 Nov 85)	77
Jiangxi Defense Industry Meets Social Demands (Jiangxi Provincial Service, 12 Dec 85)	78

Briefs	
Guangdong Textile Industry	79
Shanghai Textile Industry	79
Shanghai Bulk Cargo Ship	79
Shandong Chemical Industry	79
International Steel Conference	80
Hunan Second Light Industry	80

CONSTRUCTION

Fujian Conducts Nuclear Power Feasibility Study (SOUTH CHINA MORNING POST, 13 Dec 85)	81
Open County in Fujian Begins Construction (ZHONGGUO XINWEN SHE, 12 Dec 85)	83
Jiangsu Speeds Construction of Key Projects (XINHUA, 16 Dec 85)	84
Briefs	
Expansion Projects Completed	85
Shaanxi Jing He Bridge	85
Shaanxi Rail Electrification Project	85
Xinjiang Residential Houses	85
Hai He Sluice Gate	86
Fujian Highway Construction	86
Jiangxi Power Project	86
Fujian's Rural Construction	86
Beijing Apartment Complex	86

DOMESTIC TRADE

Guangzhou Establishes Economic Links With Other Areas (Guangdong Provincial Service, 8 Dec 85)	87
Briefs	
Lateral Economic Cooperation Develops	88

FOREIGN TRADE AND INVESTMENT

Dairy Production, Packaging Taught by Swedish Companies (Goran Leijonhufvud; DAGENS NYHETER, 30 Oct 85)	89
Chartered Bank Representative in Xiamen Interviewed (Zhao Shengyu, Tian Di; ZHONGGUO XINWEN SHE, 2 Dec 85) .	92
Briefs	
Economic, Technological Services Offered	94
Fujian Investment Promotion Meeting	94
Zhejiang Economic Cooperation	94

TRANSPORTATION

PRC To Boost Use of Trans-Siberian Railway (Paul Sham; SOUTH CHINA MORNING POST, 3 Dec 85)	95
Hunan Leaders Inspect Double-Tracked Railway Tunnel (Hunan Provincial Service, 12 Dec 85)	97
Beijing-Qinhuangdao Railway Opens to Traffic (XINHUA, 15 Dec 85)	98
Communications Ministry Notes More Roads, Bridges Built (XINHUA, 14 Dec 85)	99
Briefs	
Gansu Highway Transport	100
Guangxi Highway Bridge	100
Mayor on Traffic Problems	100
Changjiang Shipping Administration	100
Zhejiang's Ningbo Harbor	101
New Monggol Highway Building	101
Chongqing Civil Airport	101
Changchun-Guangzhou Air Route	101
Yunnan Buys Boeing 737	102
Railway Transport Capacity Expands	102

HONG KONG

Finance Secretary Discusses Pegged Foreign Exchange Rate (WEN WEI PO, 17 Oct 85)	103
Major Hong Kong Banks Support Ka Wah Bank (TA KUNG PAO, 10 Oct 85)	105
Ka Wah Commissioner Scotches 'Rumors' (TA KUNG PAO, 10 Oct 85)	106

NATIONAL POLICY AND ISSUES

PRC OFFICIAL PROPOSES POLICY ON REFORM PLAN FOR 1986

HK150646 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT
11 Dec 85

[Text] Yesterday, at the closing session of the third meeting to exchange information about economic structural reform in 15 cities, held in Guangzhou, (Gao Shangqian), vice chairman of the State Commission for Structural Reform, said that it is a certainty that China will achieve victories in this year's reform. The policy for next year's reform is digestion, consolidation, coordination, improvement, upgrading, and development.

The vice chairman pointed out that on the basis of the success in the rural economic reform, China has made new progress in reform of the urban economic structure this year. Horizontal economic relations between units and departments have developed vigorously and rapidly. A socialist economic structure of diversification has been established. The socialist commodity market has made initial development. The scale of commodity economy for foreign trade is expanding. The reform has promoted continuous and steady development of the national economy. China's financial income for this year increased by 34.3 percent over last year, a high rate rarely seen since the establishment of the PRC. The country is expected to maintain a balance between revenue and expenditure this year.

On how to carry out reform in next year, (Gao Shangqian) put forth the 12-character policy of digestion, consolidation, coordination, improvement, upgrading, and development. He also put forth 12 proposals for next year's reform.

/9738
CSO: 4006/450

NATIONAL POLICY AND ISSUES

QUALITY OF LEADERSHIP IN PRC KEY ENTERPRISES IMPROVED

HK030733 Beijing ZHONGGUO XINWEN SHE in Chinese 0144 GMT 28 Nov 85

[Text] Nanning, 28 Nov (ZHONGGUO XINWEN SHE)--It is learned from the second annual meeting of the Chinese factory directors (managers) work research conference currently held here that: According to a survey of 2,900 key enterprises across the country, cadres in their 40's constitute the majority of the leadership and cadres with higher education account for 89 percent of the total number of leaders.

According to a report, following the readjustment of leading groups in big and medium key enterprises across the country in the past 2 years, 60 percent of the enterprises have achieved good economic results since the new leading groups came to power; the new leading groups of some factories have changed losses into profits in a short time; and only 5 percent of the enterprises still have not registered good results after the leadership readjustment. In addition, 35 percent of the enterprises have not shown notable changes due to the short length of time after the readjustment.

It is learned that the more than 1,000 newly-elected factory directors and managers share a common characteristic of attaching importance to scientific management and technological progress since they came to power. As a result, many of them have scored outstanding achievements in a short time, and over 80 leaders of enterprises have been promoted to leading positions at provincial level and ministerial level of the central government. Ma Lin, the newly-appointed vice governor of Sichuan Province, was originally an engineer at the Baoji Railway Branch Bureau. Over the last 2 years, while assuming leading positions in Xian Railway Bureau and Chengdu Railway Bureau, he succeeded in changing the lack of transportation capacity and overstocking of freight into unimpeded passenger and cargo transportation. Because of the structural readjustment of the leading groups in the railway system throughout the country, the volumes of freight and passengers carried in the first half of this year have respectively increased by 5 to 10 percent over the corresponding period of last year, and the accident rate has dropped by 53 percent.

/9738
CSO: 4006/450

NATIONAL POLICY AND ISSUES

TELEPHONE CALLS FROM PRC TO TAIWAN NOW POSSIBLE

HK160735 Hong Kong SOUTH CHINA MORNING POST in English 16 Dec 86 pp 1, 16

[Article by special correspondent]

[Text] Xiamen: It is now possible to make a telephone call from this Fujian city to Taiwan because of the introduction of direct dialing.

And it appears the Taipei authorities are unable to control the flow of telephone traffic between the mainland province and Taiwan due to the advent of IDD (International Direct Dialing).

As a result, tourists from the Republic of China, long separated relatives and even Western business executives are using the service and surprising people by stating that they are speaking from the People's Republic of China.

With the help of IDD, telephone services are now developing along the lines of the "three links" the mainland is advocating. The three links are: mail, trade and sea-air transport.

The IDD service is not only available in Xiamen but also other cities in Fujian province as well as Guangzhou, Shenzhen, Zhuhai and Tianjin.

On Gulangyu, the island opposite Xiamen which used to be a foreign concession, the post office remains open round-the-clock and the operators show no surprise when a customer hands in a form requesting a call beginning with the prefix 02, for Taipei.

"It is easier if the call is station-to-station because then we do not need to go through the Taiwan operator," a mainland operator explained.

Said a foreign businessman: "The line was excellent...I had the impression I was using the phone somewhere in North America. I had to wait only five minutes before I could reach my wife in Taipei. She thought I was back in Hong Kong. When I told her I was calling from the mainland, she thought I was joking. It was nice to talk to my children after five weeks of traveling between Beijing and Xiamen."

A three-minute phone call to Taipei from Xiamen costs 12 yuan (about HK\$33) with each additional being four yuan (about \$11).

One operator when asked about the terms of payment jokingly remarked that "collect calls are not possible."

Taipei telephone operators have been instructed to cut the line if they find the call is from the mainland and, for each such call reported, they receive a bonus, such as a half-day holiday.

Now with IDD it has become much more difficult for the Taiwan authorities to trace calls from the mainland.

This is creating a headache for the Nationalist Government as it has officially rejected the "three links" concept, and emphasized instead the three negatives--no contact, no communication and no compromise.

Until recently, making a telephone call to Taiwan from the mainland would have amounted to an act of treason for having direct communication with the enemy.

But with today's policy of "peaceful reunification" the customer is greeted with a smile and issued with a receipt stating:

"Received...renminbi for a phone call from Xiamen to Taipei."

And as the Gulangyu post office is not a hotel for foreigners, it is not necessary to pay in foreign exchange certificates.

The telephone equipment in Xiamen is Japanese made and calls between Fujian and Taiwan go through Hong Kong.

With an IDD system being developed in Taiwan, it should also soon become possible to telephone directly from any part of Taiwan to mainland cities.

In another development apparently involving the same "peaceful reunification" policy, a foreign traveler was recently able to settle his hotel bill in Taiwan currency at the Overseas Chinese Hotel in Quanzhou.

As the hotel insisted that the foreign guests pay in a currency other than yuan, the Western tourist offered New Taiwan dollars which, after a telephone call to the Bank of China, were accepted at the rate of NT\$100 to 7.4 yuan.

A green NT\$100 note handed over showed Dr Sun Yat-sen, who was easily recognized by hotel staff, but a NT\$500 bill showing Chiang Kai-shek resulted in the customer being asked: "Who is he? Is he Chiang Kai-shek or Chiang Jing-kuo?"

/9728

CSO: 4020/135

NATIONAL POLICY AND ISSUES

FURTHER INVIGORATION OF STATISTICAL WORK DISCUSSED

Beijing TONGJI [STATISTICS] in Chinese No 7, 17 Jul 85 pp 5-7

[Commentary: "More On Further Invigorating Statistical Work"]

[Text] Issue No 6 of this magazine published a commentary: "Further Invigorate Statistical Work" which briefly analyzed the gap existing between the current statistical work and the objective needs and put forth opinions that efforts should be made to further invigorate statistical work, emancipate the mind, expand the source of statistical information and adopt flexible and varied ways and means to analyze and provide statistical data.

We want to reemphasize that invigorating statistical work is for the purpose of giving full play to various types of statistical data so as to serve socialist modernization even better. At present, it is to serve the restructuring of the economic system and the policy of invigorating the domestic economy and opening to the outside world. To serve well, it is imperative first of all to understand the important general and specific policies and central tasks for a period and also to have a profound understanding of what issues the party and government leaders are interested in now, what issues they are concentrating to work on and in what areas they are preparing to make important policy decisions. Only by understanding these can we provide statistical data expeditiously and with a clear aim in mind. Many areas have acquired some experience and intimate knowledge in this respect. We have gained a good deal of enlightenment from the change in work in the Jiangsu provincial statistics bureau recently. Prior to the national statistical work conference held in September last year, what the Jiangsu provincial statistics bureau had been providing the party and government leadership periodically were mostly data in report forms on which Comrade Governor Gu Xiulian [7357 4423 5571] commented: "Your statistical bureau is too rigid; it cannot catch up with the situation." After the national statistical work conference, they strengthened regular contacts with the provincial CPC committee, the policy research departments of the provincial people's government, the comprehensive economic departments, the propaganda departments and secretaries of the leading comrades to find out what issues were being considered by the party and government leadership before pertinent statistical data were collected, compiled, analyzed and provided expeditiously and with a clear aim in mind and to make sure that the materials so provided

were substantiated by the situation and backed by data, analysis and suggestions with a certain magnitude and depth, thereby changing the manner of supplying statistical data from "sending an umbrella after the rain has ended" in the past to "sending charcoal during a snowfall" and from sending "unmarketable" goods to sending "marketable" goods. For instance, prior to the convocation of the 3d Plenum of the 12th CPC Central Committee, when the provincial statistical bureau learned from the research office of the provincial CPC committee that leading comrades of the provincial CPC committee urgently needed materials about restructuring the economic system, the materials were put in order and provided expeditiously to the great satisfaction of Comrade Han Peixin [7281 1014 0207], secretary of the provincial CPC committee. Prior to the seventh congress of the Jiangsu provincial CPC and the provincial conference of county CPC committee secretaries and magistrates, the provincial statistical bureau prepared questions for discussion and provided statistical analysis data for these two meetings, data which were well received. Comrade Han Peixin wrote comments on an analytical report: "Some progress has been made in statistical work recently, the analytical data prepared researching the central task were very useful to us." The provincial statistical bureau also prepared lengthy materials in a timely manner about the Sixth 5-Year Plan for Jiangsu Province, showing why financial revenue was proportionately lower than the national income and why output value grew faster than financial revenue. Comrade Governor Gu Xiulian, who was very satisfied with the materials, found the analytical issues featured in the statistical data recently provided by the provincial statistical bureau together with other suggestions very useful. She voluntarily asked whether the statistical bureau had encountered any problems in work and what kind of support it needed. When she heard that the provincial statistical bureau had problems in funding, she allocated 500,000 yuan outright. This vivid example of Jiangsu Province and similar cases in other places have enlightened us: An important aspect needing attention is to invigorate statistical work through many channels and by constantly understanding the needs of the party and government leadership for statistical data of late and providing them expeditiously with a clear aim in mind. Without understanding the needs and without finding out whether or not the statistical data are "marketable," simply submitting statistical report forms on schedule will not serve the purpose and cannot achieve maximum results.

Another important aspect of invigorating statistical work is that statistics must serve society. Various localities have done a great deal of work in this respect since the Tianjin conference. Besides publishing highlights of elaborate statistical figures and compiling and publishing statistics yearbooks, statistical information and consultation service has also developed step by step. Statistical consultation service is a new undertaking for the statistical departments, we must have a correct understanding and correct orientation to start developing this work. It should be noted that the purpose of starting the statistical consultation service is to give full scope to the statistical service, spread the influence of statistics and stimulate steady development of statistical work. Furthermore, by developing this work, we can understand society's needs for statistics even better and can have a good command of more statistical information sources in the course of satisfying these needs. Richer statistical information sources can also help

develop statistical information and consultation service further. With the widespread and in-depth development of the statistical information and consultation service, statistical work will become more and more understandable to various social sectors, its social status and influence will rise with each passing day and its application will be broad as it progresses. There are varied ways and means to promote statistical information and consultation service, either by compiling and publishing various types of statistical information or by processing and sorting out currently available data based on needs. Other means also include arrangement for investigations to acquire data not yet available on hand, accepting work by consignment, designing statistical investigation plans for those who need them and so forth. To embark on this work, it is necessary to put in extra manpower and material and financial resources, thus, a certain fee has to be collected based on the situation, making it a compensatory service. While this is necessary and should be done, it is not the goal. The goal is to give better play to statistical service and to invigorate statistical work even more.

Whether in the service of the party and government leadership or society, it is very important to pay attention to and raise the time effectiveness of statistical data. Under more invigorating economic conditions, various quarters are in need of richer, more suitable and timely statistical information with strong time effectiveness. Although some materials are good in substance and suitable, if they are not forthcoming in a timely manner, they will become "belated advice" that may reduce the effectiveness of the statistical data or have no effectiveness to speak of at all. To improve time effectiveness, we cannot stick to the old way of doing things. To promote sound estimates and scientific forecasts, it is necessary to apply modern calculation and transmission techniques. To serve the leadership, it is essential to provide statistical data before the leadership reach a policy decision. In serving the public, attention should also be directed toward time effectiveness; if the service consumers are operators of enterprises, every effort should be made to satisfy their needs as fully as possible in making certain choices.

Another important aspect in further invigorating statistical work is to pay attention to the development and application of electronic computing technology and the application of mathematical results in statistical work. As statistical information is becoming more and more abundant and the demand for statistical information by all quarters is growing steadily, nothing will work without modern means of computation. At the moment the State Statistical Bureau and the statistical bureaus in various localities are energetically equipping themselves with electronic computers, it should be noted that everyone should concentrate on developing and applying electronic computers as soon as they are ready for use. An electronic computer should not be used only as a "big abacus," we should make full use of its good qualities and give full play to its role. Electronic computers have created conditions for applying modern mathematical results in statistical work. Just as Comrade Qian Xuesen [6929 1331 2773] pointed out: "The application of modern mathematical results is the future in the development of statistics through which statistics will be made more scientific and reliable." This can be seen clearly from the compilation of input and output charts and the initial

development of economic forecasting. Strengthening macroeconomic control requires statistical work to reflect the changes of various economic phenomena and their mutual relationships from the standpoint of quantity. To do this work well and more effectively, besides studying economic theories diligently, it is also necessary to draw support from mathematical methods and electronic computers. We should study the knowledge in these fields energetically so as to improve our statistical work.

12662/9435
CSO: 4006/90

NATIONAL POLICY AND ISSUES

REFORM OF STATISTICAL WORK DISCUSSED

Beijing TONGJI [STATISTICS] in Chinese No 7, 17 Jul 85 pp 6-7

[Article by Tan Yi [6223 3015]: "A Brief Account of National Symposium on Reforming Statistical Work"]

[Text] The national symposium on reforming statistical work was held in late May 1985 in Beijing. The meeting exchanged experience in reforming statistical work in various localities since the national statistical work conference held last year, discussed issues on how to strengthen macro-economic statistics and analysis, set up GNP statistics and statistics for tertiary industry and gradually develop statistics on input and output.

Among those who addressed the meeting were State Statistical Bureau Director Zhang Sai [1728 1049], deputy director Yue Wei [1471 1550] and adviser Li Chengrui [2621 2052 3843]. Noted economist Yu Guangyuan [0060 0342 6678] also made a report.

The participants considered the policy of reforming statistical work put forth by the Tianjin conference calling for "five changes" timely. Since the meeting, the statistical departments in various localities have made notable achievements in shifting the service orientation from "closed" to "open" in nature and are now capable of processing, sorting out, analyzing and studying large volumes of statistical data dealing with issues that the party and government leadership are concerned with at present; they are playing an important role in influencing policy decisionmaking by the party and government leadership and improving research work in various relevant departments. The State Statistical Bureau has received more than 1,000 statistical analysis reports and concise data in the past 7 months from statistical bureaus of various provinces, autonomous regions, directly subordinate municipalities and cities subordinate to provinces under a unitary plan, out of which about 300 were on special subjects and of a comprehensive nature. The statistical bureaus of many provinces and municipalities including Jiangxi, Liaoning, Yunnan and Guangdong were well received by the party and government leadership for their timely report of certain important issues in the field of macroeconomy. Tremendous progress has also been made in service to the public. The State Statistical Bureau and the statistical bureaus of various provinces, directly subordinate municipalities and

autonomous regions have issued statistical communiques from 1 to 2 months earlier than they did last year. More statistical information has been released through newspapers, television and broadcasting programs than before. Some provinces and municipalities have published more statistical data this year and also developed statistical information and consultation service.

The meeting seriously discussed issues of reforming the statistical system centered on macroeconomic control. (1) Government statistical organizations at all levels should strengthen statistics on overall balance and pursue specialized statistics well in line with this demand and form a series of national economic accounting systems. (2) It is imperative to absorb the good qualities of Western statistical methods on the basis of the statistical accounting system currently in effect and step by step form a national economic accounting system with Chinese characteristics. At the moment, while always doing a good job of compiling statistics on total output value in society, gross industrial and agricultural output value and the national income, it is necessary to concentrate on building statistics on GNP value and tertiary industry. (3) The two transitions should be promoted successfully: a) the transition of agricultural statistics gradually from statistics of agricultural production to rural social economic statistics; b) the transition of the statistics of industry and building industry gradually from production statistics to production and operational statistics. (4) Observation on horizontal contacts must be strengthened and macroeconomic analysis must be done well. The basic features of macroeconomy include two aspects, namely total supply in society and total demand in society. Statistical work must combine the various indices in these two aspects and also must control their organic contacts.

Discussing the demarcation line of division of work between government statistics and departmental statistics, the meeting suggested that the following be considered: a statistical investigation that is not required for overall balance, but only required by the management of the operational departments themselves and has to be carried out within the system under their own jurisdiction, may be assigned to the operational departments; important statistical projects dealing with national conditions and national strength should be drawn up by the State Statistical Bureau or be drawn up jointly by the State Statistical Bureau and the pertinent departments of the State Council to be submitted to the State Council for examination and approval before putting into effect. With regard to the internal division of work among the government statistical departments and the establishment of organizations, it should be studied carefully by proceeding from the needs of elevating the level of statistical work and by summing up experience. The purpose of establishing the two urban and rural sampling investigation teams is to strengthen statistical work, these two are expected to play a tremendous role in replenishing the statistical forces and in developing investigation by sampling. These two investigation teams should set about their work from now on under the unified leadership of statistical bureaus of equal levels.

Since the 1983 national statistical work conference, various localities have made very significant progress in transforming statistical computation

techniques and popularizing the application of electronic computers. According to incomplete statistics, government statistical departments have equipped themselves with 473 microcomputers, while some places have also purchased mini-computers. Statistical bureaus in various leagues and cities in Nei Monggol Autonomous Region have equipped themselves with microcomputers. Hunan is solving the issue of the prefectural and city joint network. Various localities have stepped up training in computer techniques. Many other places have trained software personnel, and every department in the Beijing municipal statistical bureau is equipped with software personnel. The scope of information processing by means of microcomputers has been expanded. The meeting emphasized better management and the use of the various types of existing computers, serious training of personnel and the development of software.

The meeting called on various localities to prepare well for the convocation of the national statistical work conference at the end of this year. The conference will discuss the revision of the overall plan for reforming statistical work, study the national economic accounting index system and analyze the economic situation and situation for reforming statistical work.

The meeting put forth the focal points of statistical work for the second half of this year:

1. Vigorous efforts should be made to raise service quality and keep a firm hold on overall balance and analysis and study. It is imperative to provide some significant statistical and analytical data centered on summing up the implementation of the Sixth 5-Year Plan base on which to draw up the Seventh 5-Year Plan.
2. Doing a good job in forecasting 1985 economic development and compiling analytical reports by summing up the Sixth 5-Year Plan.
3. Expeditiously reporting the effects, impact and existing problems regarding the measures governing important wage and price reforms and putting forth measures that should be adopted.
4. Establishing statistical systems relating to the GNP and tertiary industry and gradually replenishing and perfecting them; the methods used may progress from simple to more elaborate in nature and from simple to more complicated in form.
5. In keeping with the promulgation and putting into effect of the "Rules for Implementation of the Statistics Law," the "Statistics Law" should be implemented consistently and in depth, with emphasis on improving the accuracy of statistical figures.

12662/9435
CSO: 4006/90

NATIONAL POLICY AND ISSUES

BRIEFS

'CHINA IN 2000'—Beijing, 16 Dec (XINHUA)—Work is now under way to publish a series of reports on what China will be like in 2000, for distribution in June next year. These are the findings of a state council-backed research project. The two-year work involved several hundred researchers. "China in 2000", under 16 titles, will forecast the most vital aspects of China including its population, employment, economic development, as well as international economic environments at the turn of this century. They are compiled by the State Council Economic, Technology and Social Development Research Center and other central authorities. The 16 titles will be published separately by China Social Science Publishing House, Shanghai People's Publishing House and "Economic Daily" Publishing House. [Text] [Beijing XINHUA in English 0716 GMT 16 Dec 85 OW] /9738

CSO: 4020/135

PROVINCIAL AFFAIRS

XINJIANG SECRETARY COMMENDS BEIJING-URUMQI TRAINS

OW140532 Beijing XINHUA Domestic Service in Chinese 1227 GMT 12 Dec 85

[Article by reporter Han Wenhui]

[Excerpts] Urumqi, 12 Dec (XINHUA)--The Xinjiang Uyghur Autonomous Regional Party Committee and the People's Government sponsored a mass rally in Urumqi yesterday to commend the workers of the express trains of the Urumqi Railway Bureau for their education on lofty ideals, for having won top national honors for 3 consecutive years in providing good transportation services to passengers travelling to Beijing and Shanghai, and for having made outstanding contributions to promoting socialist ethics in Xinjiang. The regional party committee and government also called on people of all nationalities in Xinjiang to follow the example set by the train workers. Song Hanliang, secretary of the Regional Party Committee, presented silk banners to the train workers.

Speaking at the rally, Tomur Dawamat, deputy secretary of the Autonomous Regional Party Committee, said the train workers' experience in conducting political and ideological work is a living lesson for educating people on lofty ideals and for promoting socialist ethics. He called on people of all nationalities in Xinjiang to emulate the train workers' noble character of upholding communist ideals and conviction, working hard and selflessly, and serving the people wholeheartedly; their fine work style of abiding by law, performing their duties impartially, and consciously resisting the inroads of decadent ideas; and their spirit of striving to provide the best service in the country.

/9738
CSO: 4006/450

PROVINCIAL AFFAIRS

BEIJING SPEEDS UP PRIVATE TELEPHONE INSTALLATION

HK060637 Beijing CHINA DAILY in English 6 Dec 85 p 3

[Article by Wu Wei]

[Text] Beijing is speeding up the development of private telephones as a major part of its program to expand the city's telephone service over the next five years.

The rising living standard and increasing need for information have prompted more Beijing residents to want home telephones. By the end of October, the city had installed 15,000 residential telephones, which account for 12.8 percent of the city's total of 117,000 said Ni Yilin, deputy director of Beijing Telecommunications Administration.

"Though it is a big increase over recent years, the percentage of home phones is still too small, compared with an average of 80 percent in developed countries," Ni said. "The situation is even worse in the countryside. In the suburbs of Beijing, there are only some 20 private telephones."

The shortage of private telephones resulted not only in more pressure on the overloaded public telephone service, but also wasted time and money, he said.

"Since few people have phones at home, most of them have to use office telephones, causing hours of telephone jams during the day," Ni said. He said more telephone exchanges had to be built to solve the problem, which caused people to wait for hours to make long distance calls.

To achieve a three-fold increase in the number of home telephone, over the next five years the city has taken measures to encourage their installation, Ni said.

Home phone customers are now given a 40 percent discount in their phone rental and 80 percent discount on installation fees," Ni said.

Up to now, installing a telephone required the user to pay for the cost of a line linking the telephone exchange with his house. The installation can be too expansive and complicated. There was an applicant who had waited for more than 10 years for someone else to join him in getting a phone line installed, because he could not afford it alone.

To tackle the problem, the city has now worked out a new plan. All large residential buildings have to provide room for a conduit to carry telephone lines that will connect the building's phones with the nearest exchange.

And all new apartment blocks will be required to have telephone wiring and outlets. This will cut the installation fees by half and enable applicants to get a new phone installed within a day, once the application goes through.

For those old residential areas where there are no telephone facilities, the city has decided to develop the residential telephone switch boards as an interim measure.

A residential switchboard handles 20 telephones--enough to cover an average Beijing housing compound, Ni said.

So far there are 120 such small exchanges in operation handling nearly 2,000 telephones.

By the end of this year, Beijing will have 200,000 telephones in use. The number will jump to 600,000 by 1990, of which 90,000 will be residential telephones, Nie said.

/9738

CSO: 4020/135

PROVINCIAL AFFAIRS

LIAONING'S ACHIEVEMENTS IN COMMUNICATIONS NETWORKS NOTED

SK110458 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 10 Dec 85

[Text] During the Sixth 5-Year Plan period, our province has greatly developed communications, transport, post and telecommunications networks. The increase in the capacity of railways, highways, waterway transport, civil aviation, transportation through pipelines, communication, as well as post and telecommunications greatly exceeded that of the Fifth 5-Year Plan. Communications, post and telecommunications and civil aviation increased by 190 percent or more than 200 percent.

So far, the railway mileage in operation has reached some 4,800 km. Special lines of communication connecting plants and mining enterprises with the main railway lines have been extended by more than 4,000 km. The highway transport mileage reached some 31,000 km and the number of motor vehicles for passenger and freight transport reached some 166,000. The five coastal ports in operation have a total of 25 berths for 10,000-tonners, and 32 berths for 1,000-tonners. In civil aviation, our province has 10 direct air routes with a total airway mileage of 17,000 km.

The number of telephone switchboards in the cities reached 210,000 and the long-distance telecommunications lines reached more than 4,800 km. The annual handling capacity of post and telecommunications reached more than 1.8 billion pieces.

In the 5 years since 1980, with the implementation of the principle of opening to the outside world and invigorating the domestic economy, our province's communications, transport, postal and telecommunications industries have gradually changed from monopolized management into a new structure of transport, post and telecommunications which has broken down barriers between different departments, regions and trades; closely linked up land transport with that of water and airway; and aroused the initiative of the central and local units, the state enterprises, the collectives and the individuals. By the end of this year, the Dandong Langtou Port, the Dalian Xianglujiao wharf, the Yingkou (Gouxi) wharf, and the Jinzhou Huludao Port will have a capacity of handling 1.5 million tons of grain.

Dalian chemical works raised funds to build two berths for 10,000 tonners and a special wharf for 5,000 tonners. The annual cargo handling capacity may

reach 600,000 tons. The number of passenger and freight transport vehicles owned by the individuals or cooperative households reached some 16,500 and that of tractors reached 100,000. The number of passenger and freight liners reached 210. Dandong, [name indistinct], Fuxin, Jinzhou, and other localities also witnessed a good trend of building roads, bridges, and airports as well as operating other communications undertakings with funds raised by the localities and subsidized by the government. At present, the installed capacity of the telephone exchange center operated by the villages has exceeded 10,000 lines.

/9274

CSO: 4006/420

PROVINCIAL AFFAIRS

LIAONING STATISTICS ON MARKET SITUATION

SK060211 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 4 Dec 85

[Text] During the Sixth 5-Year Plan period, urban and rural markets in our province have continued to be brisk. A commercial network involving various sectors of the economy and various circulation channels has preliminarily been formed.

According to statistics compiled by the Liaoning Provincial Statistics Bureau, the number of retail, catering, and service centers is expected to reach more than 410,000 with an employment of 1,225,000 people by the end of this year, registering increases of 370 percent and 100 percent respectively over 1980 and overfulfilling the targets set in the Sixth 5-Year Plan.

Market supplies have been enlarged annually. The methods in which commodities are restrictedly rationed are gradually being abolished. The volume of retail sales of commodities increased from 11.65 billion yuan in 1980 to 17.96 billion yuan in 1984. The province prefulfilled the target for retail sales volume set in the Sixth 5-Year Plan by 1 year. By the end of this year, the volume of retail sales of commodities is expected to reach 21.5 billion yuan, an increase of 84.5 percent over 1980. Adjusted to the price readjustments, the average increase rate was 8.8 percent yearly. The volume of retail sales of principal consumer goods increased by a big margin. Of this, retail sales of such commodities as food, clothes, and daily necessities increased by more than 100 percent over 1980. In the Sixth 5-Year Plan period, the province has registered the greatest and fastest increases in the volume of retail sales of commodities since the founding of the PRC.

/9738

CSO: 4006/450

PROVINCIAL AFFAIRS

HEBEI REPORTS ACHIEVEMENTS IN INDUSTRIAL PRODUCTION

SK111048 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 1 Dec 85

[Text] Gratifying changes have taken place in industrial production during the Sixth 5-Year Plan period. The province has maintained a steady increase in industrial production. From 1981, the annual average increase in industrial production has been 8.7 percent, overfulfilling the targets for ensuring a 4-percent increase and striving for a 5-percent increase set forth in the Sixth 5-Year Plan. The proportion between light and heavy industries becomes more balanced. Of the total industrial output value, light industrial output value increased by 3.8 percent and heavy industrial output value was reduced by 3.8 percent comparing 1985 with 1980.

The newly added production capacity of the coal industry reached 9.63 million tons. Electric energy production increased by 30.9 percent. The opening of four air routes has accelerated the construction pace in the fields of energy resources and transport.

Having persistently carried out the principle of pooling the efforts of the state, the collectives, and the individuals since 1982, the province has changed the tendency of paying attention to the state enterprises, looking down upon the collective enterprises, and discriminating against the individual enterprises, so that the various sectors of the economy are developed simultaneously. The situation in which we paid attention to speed but looked down upon the results has been changed. The profits and taxes realized by the state-owned industrial enterprises during the past 5 years are equal to 90 percent of the original value of the existing fixed assets, an increase of 34.6 percent over the same figure in the Fifth 5-Year Plan period.

It is estimated that a total of 7,300 items on technological transformation will be fulfilled and made available to the enterprises, and 4.56 billion yuan worth of fixed assets have been newly added during this period.

The province has gradually turned the closed type of economic and technological cooperation into an open type. During the past 5 years, the province has established more than 4,500 items on economic and technological cooperation with fraternal provinces, municipalities, and regions, and signed 273 items on importing technology with foreign countries.

Since 1983, the enterprises across the province have organized and established 826 lateral integrated economic operations. This has made it possible to explore ways to restructure the organizations of the enterprises. Though the urban economic restructuring, the enterprises are being vitalized and are beginning to eliminate the practice of eating from the same big pot prevailing in the relations of the enterprises to the state and those of the workers and staff members to their enterprises.

During the Sixth 5-Year Plan period, the workers and staff members of the enterprises, through various types of study and training, have upgraded their educational awareness and ceaselessly enhanced their quality.

/9274

CSO: 4006/420

PROVINCIAL AFFAIRS

HENAN DEVELOPS NEW CHARACTERISTICS IN INDUSTRIAL PRODUCTION

HK111002 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 9 Dec 85

[Text] According to HENAN RIBAO, the province fulfilled this year's industrial output value target ahead of schedule, at the end of November. Of the 22 major industrial products, the province overfulfilled the annual output targets for 14 products including cotton yarn, synthetic fabrics, detergent, cigarettes, and bicycles.

The major characteristics of the province's industrial production this year are:

1. Collective-run industries have developed rapidly. From January to October, the output value of collective-run industrial enterprises in cities and towns increased by 44.2 percent over the same period of last year. The output value of collective-run industrial enterprises in rural areas increased by 28.1 percent over the same period of last year. Both increase rates are [word indistinct] than the increase rate of 16.76 percent of industrial enterprises run by the whole people.
2. The province has established a proper ratio between heavy and light industries, a ratio of nearly 50 percent to 50 percent. From January to October, the output value of the province's light industry increased by 25.5 percent over the same period of last year, and the output value of the province's heavy industry increased by 18.4 percent over the same period of last year.
3. The province's industrial production has achieved simultaneous development in its growth rate and economic results. From January to October, the output value of the industrial enterprises in the province covered by the state budget increased by 16.76 percent over the same period of last year. The profits and taxes submitted by them to the state increased by 23.65 percent over the same period of last year. The province's revenue during the period increased by 26 percent over the same period of last year. The relatively high growth rate of the province's industrial production in the first half of this year has now slowed.

The main reasons for these achievements are:

1. The reform of the urban economic structure has given vitality to enterprises. The horizontal economic relations between enterprises have been expanded.

2. A number of new projects and projects involving technological import and transformation have been completed and put into operation, resulting in an increase of 1.2 billion yuan in the province's industrial output value.

/9274

CSO: 4C06/420

PROVINCIAL AFFAIRS

HENAN HOLDS MEETING ON PRODUCTION IN PREFECTURES, CITIES

HK150832 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 11 Dec 85

[Text] On 8 and 9 December, the provincial Planning and Economic Committee held a meeting of all prefectures and cities on production, to exchange experiences in work, to analyze the situation in production next year, and to study and work out measures for industrial production and communications next year.

Vice Governor Qin Kecal and provincial Planning and Economic Committee Chairman (Zhong Lisheng) attended the meeting and spoke. Comrade Qin Kecal pointed out: The overall situation in industrial production in 1985 has been very good. Production has increased and development has been even. Collective industry has developed quickly. Speed and economic results have simultaneously increased. The economic relations among enterprises and regions have been further strengthened. The light industry has been coordinated with the heavy industry well. Textile industrial production has increased again.

The meeting put forward demands on the quotas for industrial production in the province next year. It is necessary to have a normal and proper speed of development and to have still better economic results. Industrial production must increase by 8 to 10 percent. In the first quarter of next year, 25 percent of the quota for the industrial output value for the whole year must be fulfilled. It is essential to ensure a balanced production and a simultaneous increase in speed and economic results. Economic results must be better than this year. The amount of deficits must be 30 percent less than this year.

Regarding the issue of doing well in production next year, Vice Governor Qin Kecal put forward these demands: It is imperative to improve the quality of products, to develop new products, to economize on energy, to reduce consumption, to make technological progress, to speed up the popularization of modern management, to continuously strengthen economic relations among enterprises and regions, and to ensure safety in production.

/9738

CSO: 4006/450

PROVINCIAL AFFAIRS

NEI MONGGOL OVERFULFILLS ANNUAL REVENUE PLAN

SK120929 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 11 Dec 85

[Text] As of mid-November, our region had overfulfilled the annual revenue plan by 16.7 percent 1 and 1/2 months ahead of schedule, and total revenue reached 1.02 billion yuan, showing an increase of 280 million yuan over the same period last year, an all-time record.

We attribute the region's good achievements in revenue mainly to the following few points:

1. We have reformed the revenue management system, shared responsibilities for fulfilling the revenue and expenditures tasks at different levels, decentralized all sorts of financial powers to the lower levels, increased the financial resources of leagues and cities, and boosted the enthusiasm of the local authorities in managing their money matters.
2. We have grasped the work of increasing revenue and reducing expenditures early and firmly.
3. We have established the responsibility system of ending deficits and increasing profits, and urged leaders at all levels to grasp the work of their own levels. In the first 10 months of this year, the profit increase in state-owned profit-making enterprises covered by the budget reached 27.8 percent. The reduction in the deficits incurred by money-losing enterprises reached 54.96 percent, ranking first in the whole country.
4. We have scored pronounced achievements in the financial survey. So far, we have discovered an illicit sum of 88.69 million yuan, and more than 50 percent of the sum which should be repaid to the state treasury have been collected and restored to the treasury.

/9274

CSO: 4006/420

PROVINCIAL AFFAIRS

NEI MONGGOL'S FULFILLMENT OF 6TH 5-YEAR PLAN

SK060513 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 2 Dec 85

[Excerpts] A good situation characterized by political stability, unity between the people of all nationalities, and a sustained, stable, and coordinated economic development has emerged in our region since the 3d plenum of the 11th CPC Central Committee. The region has prefulfilled the industrial and agricultural output value target set forth in the Sixth 5-Year Plan by 1 year. As of the end of last year, the region has overfulfilled the industrial and agricultural output value target set forth in the Sixth 5-Year Plan by 3.7 percent and 1 year ahead of schedule. The total industrial and agricultural output value this year is estimated to reach 15.5 billion yuan, an increase of over 63 percent over 1980. The total agricultural output value this year is estimated to reach 6.2 billion yuan, an increase of over 73 percent over 1980. Under the situation that the grain sowing area was reduced by 6.9 million mu from 1980, the total grain output increased from 7.93 billion jin to 12.7 billion jin. The output of beets this year reached 5 billion jin and that of oil-bearing crops, 1.5 billion, showing an increase of 200 percent over 1980.

During the Sixth 5-Year Plan period, the region has made developments in livestock production. Notable progress was made with regard to livestock quality, livestock marketable rate, and livestock slaughtered.

The proportion between agriculture, light industry, and heavy industry has become balanced during the Sixth 5-Year Plan period. From 1980 to 1985, the annual average increase rate of the region's agriculture, light industry, and heavy industry was 11.63 percent, 9.9 percent, and 9.3 percent respectively.

During the Sixth 5-Year Plan period, the people's income has increased year after year and their livelihood has been improved step by step. The per capita net income of the peasants is expected to reach over 350 yuan, an increase of over 160 yuan over 1980. The per capita net income of the herdsmen is expected to register an increase of 100 percent over 1980 and to reach 600 yuan.

/9738
CSO: 4006/450

PROVINCIAL AFFAIRS

BRIEFS

HARNESSING TWO RIVERS--The work of thoroughly harnessing the Namming He and Shixi He in Guiyang City was begun on 4 December. Leading comrades of the provincial and city party, government, and army, including Hu Jintao, Ding Tingmo, (Liu Yiling), Jiao Bin, Li Wanli, and (Wang Shouqun), and some 10,000 people from provincial and city organs, factories, mines, PLA units, and streets took part in voluntary labor to harness the rivers. Guiyang City regards this work of harnessing the rivers as main and major work for this winter and next spring. Acting Mayor of Guiyang City (Wang Shouqun), spoke at yesterday morning's mobilization rally. He hopes that leading cadres at all levels and Communist Party members will personally set an example, take the lead in participation, and mobilize more people through their exemplary actions to take part in voluntary labor to harness the rivers. [Excerpts] [Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 4 Dec 85 HK] /9738

MAYOR INSPECTS TRAFFIC--Braving the rain, Mayor Jiang Zemin went to Xujiahui Bridge on the morning of 6 December to comfort the militiamen, tariff control workers, and students who were directing traffic and helping maintain traffic order. After an inspection of the traffic, Major Jiang said: We must publicize traffic regulations before we enforce them. Education should precede punishment. [Excerpts] [Shanghai City Service in Mandarin 2300 GMT 6 Dec 85 OW] /9738

ENGINEERING SOCIETY CONGRESS--The Chinese Society of Communications Engineering held its second congress in Hangzhou on 7 December. Wang Zhanyi, vice minister of communications and president of the Society of Communications Engineering, addressed the meeting. Zhejiang Province Vice Governor Wu Minda and Hangzhou City Vice Mayor (Wang Guangde) also attended and addressed the meeting. The participants included experts, scholars, and senior engineers of communications engineering from all parts of China. After reviewing the society's achievements since it was founded 4 years ago, Vice Minister Wang Zhanyi put forward the tasks of the society under the new situation. He said: The society should actively carry out academic activities and scientific research to tackle problems for the development of highways, urban roads, and transportation in our country. It should comprehensively unite the experts and scholars of communications engineering in our country, popularize new scientific and technological achievements, further promote technical consultancy service, and make greater contributions to developing China's communications undertakings. [Text] [Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 7 Dec 85 OW] /9738

FUJIAN INDUSTRIAL OUTPUT VALUE--With 1984 industrial output value amounting to 11,394 million yuan, Fujian fulfilled its Sixth 5-Year Plan a year ahead of schedule. The 4-years' total industrial output value exceeded the 5-year plan target by 594 million yuan. The province's industrial output value in 1985 is expected to reach 143.3 billion yuan. [Summary] [Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 5 Dec 85 OW] /9274

FUJIAN GOVERNOR INSPECTS TOWNSHIP--Governor Hu Ping recently investigated and studied the situation in Hongwei Township, Nanan County, and affirmed the township's practice of making use of local scientific and technical personnel to accelerate its pace in eliminating poverty and becoming well-off. Hongwei Township was one of the poorest areas in Jinjiang Prefecture. In recent years, the township party committee, while conscientiously implementing the party's various rural policies, organized more than 70 people with agricultural techniques into an agricultural scientific force to bring their role into full play. As a result, the township has now basically lifted itself out of poverty. The average per capita income in the township this year is expected to top 340 yuan, more than twice that in 1980. [Excerpts] [Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 7 Dec 85 OW] /9274

FUJIAN GOVERNOR MEETS UN OFFICIAL--Governor Hu Ping met with Mr (Beckburst), director of the investment cooperation program under the UN Industrial Development Organization, at the Fushan International Exhibition garden on the afternoon of 26 November. Mr (Beckburst) is currently presiding over the Fujian provincial investment promotion meeting. Governor Hu Ping told Mr (Beckburst) that he hoped the investment promotion meeting would be a success. Mr (Beckburst) replied that he hoped for the same. [Text] [Fuzhou FUJIAN RIBAO in Chinese 27 Nov 85 p 1 OW] /9274

CSO: 4006/421

ECONOMIC PLANNING

HEBEI CPC SESSION DISCUSSES SEVENTH 5-YEAR PLAN

Shijiazhuang HEBEI RIBAO in Chinese 18 Oct 85 p 1

[Article by HEBEI RIBAO: "Get a Clear Understanding of the Situation, Clearly Define Our Aim and Strengthen Our Confidence: The Second Plenum (Enlarged) of the Third Hebei Provincial CPC Committee Holds Group Discussions"]

[Text] From 15 October till today, all the comrades who are attending the Second Plenum (Enlarged) of the Third Hebei Provincial CPC Committee conscientiously studied and grasped the essence of the spirit of the party's national congress and the Third and Fourth plenums of the Central Committee.

Correctly Understand the Situation and Keep a Cool Head

During the study and discussion, many comrades illustrated with vivid facts that the current economic situation is one of the best periods since the founding of the People's Republic. Everybody spoke glowingly of the five distinctive characteristics of the current economic situation: (1) Major proportional relationships are moving toward coordination. Comparing 1984 with 1980, the proportion of gross agricultural output value in gross industrial and agricultural output value and the proportion of gross light industrial output value in gross industrial output value all registered marked increases. The accumulation rate is becoming steady. The national economy began to develop continuously, steadily and coordinatedly, demonstrating the prospect of a good cycle. (2) There has been an overall upsurge in agricultural production. (3) The vitality and vigor of enterprises have been greatly strengthened. (4) Financial revenue registered relatively large increase. (5) Living standards are rising every year.

In speaking glowingly of the excellent situation, comrades attending the meeting pointed out that at present there are different kinds of confused ideas about the situation and questions concerning the ongoing reform, and thus we must unify people's thinking with the line, principle and policy formulated by the Central Committee and guide their activities onto the track guided by the Central Committee. Comrade Hu Guangyi [5170 1684 5030] of the Chengde Prefectural Party Committee said that confused ideas and misunderstanding about the situation often resulted from being unable to view questions from an overall point of view and generalizing the overall situation with one-sided observation of some local problems; in some cases it is due to the failure to see the

principal aspects of a question and mistaking secondary aspects for principal aspects; in other cases, it is due to the failure to view questions from the point of view of development, and thus treating new problems under the new situation in an isolated and static manner. He added that it is just because of these reasons that in conducting situation and policy education to the cadres and masses, we should guide them to combine the overall situation with the local situation, combine long-term goals with realities, distinguish principal aspects from secondary aspects and distinguish the contradictions that can hardly be avoided during the reform at the moment from age-old malpractices that have not been cleared up and the sabotaging activities in which some people take the advantage of the reform to benefit themselves.

Comrades attending the meeting are of the opinion that we should keep a cool head, especially when facing such an excellent situation, and pay full attention to certain new, unstable factors in current economic life. Three outstanding problems were named: (1) Investments in fixed assets are too large, especially with investments outside the budget increasing too sharply. (2) Enterprise economic results are low. (3) The agricultural base is still relatively weak and the capability to fight natural disasters is low. Besides, comrades from across the province reported the overburdening of peasants, which must be solved as soon as possible and otherwise would affect the excellent situation in the countryside.

Continue To Promote Overall and Steady Development of Agriculture

When discussing the proposal for the Seventh 5-Year Plan with regard to agriculture being the important base of the national economy and the strategic status of agriculture, comrades attending the meeting are of the opinion that through a series of reforms in the countryside in recent years, agriculture has been developing at high speed and the output volume of various agricultural and sideline products has increased greatly. This provided extremely important conditions for guaranteeing and pushing forward our economic and social development. The attendees, however, pointed out that we should not overestimate the rural economic situation and the degree of peasant wealth. In their opinion, some comrades now overestimate the rural economic situation and the degree of peasant wealth, which has brought about some harmful tendencies. One is that it leads to unreasonable collection of funds from peasants from all sides, thus overburdening them. Comrades from Wuan, Weixian, Daming, Qiuxian, Feixiang and other counties reported that at present there is a multitude of ways to impose contributions on peasants, with over 40 items and over 80 varieties at its height and an average of 21 yuan per person and 89.9 yuan per household. Another is that it encourages an unrealistic way of doing things and the setting of unrealistic development goals and growth speed. The two harmful tendencies directly hinder rural reform and affect steady development of the rural economy.

The participants strongly felt during discussions that neglecting agriculture will cause an "unstable seat" for economic construction as a whole. Comrade Wang Xiwen [3769 5045 2429] from Zanhuan said that it was correct that the county party committee paid attention to industry in recent years, but the agricultural sector was neglected to some extent. He added that the three sayings-- "no agriculture, no stability," "no industry, no wealth" and "no commerce, no

vitality," was a complete system with "stability" as the mainstay, and misunderstanding of it would bring about problems.

Strictly Control Scope of Investment in Fixed Assets

Comrades attending the meeting conscientiously discussed the question of controlling the scope of investment in fixed assets. They pointed out that the key to putting the scope of investment in fixed assets under control lies in deepening one's understanding. They analyzed the reasons for being unable to put the investment of fixed assets under control and initially cleared up some confused ideas: The first is "the theory of special cases." Comrade Bai Yunsheng [4101 0061 3932] of the party committee of Qinhuangdao City said that in the past they always emphasized that their city was an open city and a tourist area, so it was different from other areas and should be considered a "special case" in capital construction investment. Therefore they proposed more than 100 projects, but the provincial government approved only 7. Afterward they made decisions on their own to build eight beer factories, which resulted in losses. The second is the "theory of special consideration." Comrade Cao Hengchen [2580 1854 1820] of the party committee of Zhangjiakou Prefecture said that they used to use their poor economic base and late start as excuses and were of the opinion that control should be placed on those who advanced quickly and special consideration should be given to those who were in slow development. Now they feel that no matter poor base or solid base, early start or late start, on the question of controlling investment scope everyone should consider the overall situation and should not have the intention to seek "special consideration." The third is the "theory of disadvantage." Comrade Yue Qifeng [1471 1477 1496] of the party committee of Tangshan City said that they used to think that other cities acted swiftly and thus made it, but when they were about to try it, the central authorities put on the brakes; so they were always left behind and felt they were being placed in an "disadvantageous situation." But now they have realized that steady advance is a good policy for bringing prosperity to the country. The fourth is the "theory of no relevance." Comrade Zhao Huichen [6392 8396 5256] of the party committee of Langfang City said that they used to consider control a matter relevant only to the higher levels and it would be fine as long as the state's major projects were under control; and it would not matter much to the overall situation if local governments raised funds to start some projects and hence should not be controlled. Now they realized that if everyone competes to add new projects, it will certainly come to a huge number and lead to the loss of control.

During the study and discussion the attendees were also of the opinion that in putting the scope of investment in fixed assets under control an overall point of view must be acquired in the guiding ideas while the principle of seeking truth from facts, acting according to ability and making steady progress must be upheld in economic construction.

12,974/8918
CSO: 4006/349

AGGREGATE ECONOMIC DATA

BRIEFS

FUJIAN RURAL ENTERPRISES--During the period of the Sixth 5-Year Plan, Fujian's rural enterprises have achieved marked results. Total incomes of rural enterprises in the province have reached 18.32 billion yuan, with an average annual growth of 86 percent. Their net profits have reached 1.68 billion yuan, and taxes paid to the state have exceeded 500 million yuan. [Excerpts] [Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 30 Nov 85 OW] /12913

CSO: 4006/428

ECONOMIC MANAGEMENT

PRC PAPER ON DEVELOPMENT TREND OF TOWNSHIP ENTERPRISES

HK130641 Beijing RENMIN RIBAO in Chinese 6 Dec 85 p 2

[Article By Gao Hongbin [7559 7703 6333], Chen Jian [7155 0256], and Liu Yunzhou [0491 0336 3166]: "Prelude and Climax--Commenting on the Development Trend of Our Country's Township Enterprises in Recent Years"]

[Text]--A play usually begins with the prelude, and then develops to the climax. In recent years, the development of our country's town and township enterprises has unexpectedly reached the climax without a prelude.

The Sudden Climax

It is not an exaggeration to use the word "climax" to describe the situation in the development of our country's town and township enterprises. In 1984, there were altogether 6.06 million town and township enterprises in the whole country, five times the figure in 1978. The total income of these enterprises reached 53.7 billion yuan, 4.5 times the figure in 1978. The net profits of these enterprises reached 18.7 billion yuan, over three times the figure in 1978. The total output value of these enterprises increased by 40 percent over that in 1983, reaching over 170 billion yuan. Under the circumstances of the money market being tightened, this year, the total output value of the town and township enterprises has again increased greatly compared with last year, and the momentum of this increase is expected to continue.

From the vast open country to the distant mountainous areas, small enterprises have sprung up like mushrooms and have quickly become an important economic force in the rural economy as well as in the national economy as a whole. Between 1979 and 1984, the taxes paid to the state by the town and township enterprises amounted to over 23.2 billion yuan, accounting for over two-thirds of the total taxes paid by the rural areas of our country. In 1984, the town and township enterprises had to pay a total of 30.1 billion yuan in salaries. If we calculate on the basis of a rural population of 800 million, then the per capita rural income was 38 yuan. In 1984, the FeS produced by the town and township enterprises amounted to over 3.47 million yuan, accounting for 43.2 percent of our country's total output of FeS. The silk fabrics produced by the town and township enterprises amounted to over 290 million meters, accounting for 24.7 percent of our country's total output of silk fabrics. The output value of the building materials industry of the town and township enterprises accounted for 53 percent of the total output value of the building

materials industry of our country. And the foreign exchange earned by the town and township enterprises by exporting commodities and labor services amounted to 3 billion yuan. Between 1978 and 1984, the output of the coal industry of the town and township enterprises increased by 110 million tons, accounting for 72.4 percent of the increase in output of our country's coal industry in the corresponding period.

Another encouraging figure is: Last year, there were over 52 million people employed by the town and township enterprises in the whole country. According to the estimates of the relevant departments, over 10 million more people will be employed by the town and township enterprises in the whole country this year. This is a most significant achievement! Over 60 million peasants have entered the unfamiliar field of industry, beginning a new life. They are not only developing nature but also developing themselves. Once this new productive force enters the rural areas like a kind of hormone, not only do a large number of small enterprises and small towns spring up, but also a large number of new workers and entrepreneurs come out in the rural areas, which in turn take on a new look. This great achievement is something that figures cannot express.

The rise of the town and township enterprises is another miracle which can be compared to the miracle produced by the breakthrough made in our country's grain production output in recent years. To understand this is important, but it is more important to understand the logic of history embodied in it.

The Logic of History

There is a view which says: The development of the town and township enterprises in recent years is a blind and extreme economic phenomenon--the development has been too fast--so the development should be restricted. Is the fast development of the town and township enterprises in recent years a blind economic activity or a natural historical trend?

Some people say that the town and township enterprises have met a "golden opportunity." I think that this opinion is reasonable:

--It is a new period for carrying out reforms and invigorating the economy. The general implementation of the "great responsibility system" in the rural areas and the gradual abolition of the system of unified purchase and unified distribution have enabled the hundreds of millions of peasants to acquire more and more decision making power;

--Encouraged by the party and government policies which support the development of the town and township enterprises, more and more peasants have become bold enough to enter the non-agricultural production sector;

--Along with the progress of the rural and urban reforms, industry and agriculture, cities and rural areas, which operated in different orbits for many years in the past, have begun to develop into a historical unity;

It Is Only the Prelude

Generally speaking, the development of our country's rural areas is not sufficient and the development of the town and township enterprises is not too fast. In 1984, the output value of the town and township enterprises of Jiangsu, Zhejiang, Guangdong, Liaoning, Beijing, Shanghai, and some other areas, altogether eight provinces and cities, amounted to 96.1 billion yuan, which accounted for 56.3 percent of the total output value of the town and township enterprises of the whole country, whereas the output value of the town and township enterprises of Nei Monggol, Ningxia, Xinjiang, Gansu, Qinghai, and some other areas, altogether eight provinces and regions, only amounted to 7.1 billion yuan, which accounted for 4.2 percent of the total output value of the town and township enterprises of the whole country. There are still many "blank" areas in the whole country, where there are no town and township enterprises.

However, the present town and township enterprises have a lot of defects, but how can the peasants who have long been living in the rural areas with "their faces facing the yellow soil and backs facing the blue sky" build the town and township enterprises so perfectly when they open up a completely new area for the first time under very difficult conditions!

There are so many unsatisfactory phenomena, such as late information, blindly starting production, outdated equipment, insufficient technology...in the development of the town and township enterprises. Some town and township enterprises produce products of poor quality, some carry out their production in an incorrect way, some even substitute fakes for quality products and substandard products for quality products...and so on, but this is not the mainstream in the development of the town and township enterprises. Of course, the defects of the town and township enterprises can be criticized; however, it is more important to warmly help their development instead of making unwarranted charges against them and casting doubt on the policy which supports the development of the town and township enterprises.

This year, the state has adopted a series of measures to balance credit in order to strengthen macroeconomic control and ensure the coordinated development of the national economy. These are necessary measures which are required by the overall situation in our country. Tightening the money market has reduced the funds of the town and township enterprises and made the town and township enterprises pay more attention to the efficiency of the use of their funds and the economic results of their operations, so as to develop the spirit of self-reliance. Under the new circumstances, several counties in Jiangsu Province have proposed the slogan that the town and township enterprises should "improve product quality, technology, management, and economic results." In the first half of this year, the output value of the town and township enterprises in those counties increased by 81.14 percent, the income from sales increased by 85.61 percent, and the total profits increased by 90.39 percent compared with the figures for the corresponding period of last year.

In the new situation of the money market being tightened, the enterprises run by individual peasant households and the enterprises run by peasant households as a collective have developed very fast, which has also attracted people's attention. According to statistics for Henan Province, in the first half of this year, there were over 924,000 such enterprises, accounting for 92.5 percent of the total number of town and township enterprises in the whole province, and an increase of 228,000 such enterprises as compared with the corresponding period of last year. The output value of these enterprises amounted to 4.4 billion yuan, accounting for 55 percent of the total output value of the town and township enterprises. According to incomplete statistics for Hebei, Jiangsu, Shandong, Fujian, Jiangxi, and Shaanxi Provinces, in the first half of this year, the peasants spent more than 2.67 billion yuan of funds raised on the development of town and township enterprises.

The development of town and township enterprises has not ceased. Town and township enterprises first emerged in the early fifties. In the sixties and seventies, the development of town and township enterprises experienced a difficult time. Even today, the development of town and township enterprises still meets with difficulties, but town and township enterprises have never ceased developing even in the most difficult years--the development of town and township enterprises is an irreversible historical trend! At present, when market coordination is being expanded and the peasants are allowed to carry out their operations by themselves, any move to artificially restrict the development of town and township enterprises by administrative force is not only incorrect but also impossible. According to the estimates of the relevant departments, town and township enterprises will develop at a slow but firm pace in the second half of this year because of tightened credit. As with anything else, the development of town and township enterprises has its own leaps and steps. As far as its broad historical background is concerned, the development of town and township enterprises in recent years is only a colorful prelude. In order to realize the real climax of the development of town and township enterprises and to realize any good prospects for industrializing and urbanizing the rural areas, we must firmly adhere to the policy of "actively supporting, rationally planning, correctly guiding, and strongly administering" the development of town and township enterprises so as to push forward their development.

/12913

CSO: 4006/428

ECONOMIC MANAGEMENT

IMPROVED ENTERPRISE OPERATION, MANAGEMENT URGED

Beijing RENMIN RIBAO in Chinese 27 Sept p 5

[Article by Sun Zhigang [1327 1807 0474]: "Improve Operation and Management; Increase 'Digestive Power' of Enterprises"]

[Text] This year the unit prices of mineral products, raw materials and natural resources have increased, causing enterprises' expenditures to increase and the cost of products to rise again. Under these conditions is it "you increase and I increase," taking turns increasing the market selling prices of industrial and consumer prices; or is it improving operation and management, strengthening the enterprises' internal "digestive" power, making great efforts to lower costs and making possible fewer cost increases or no increases, or even decreases? Our choice ought to be the latter.

The quality of our country's industrial enterprises is poor; there are not a few enterprises whose operation and management level and technological level lag behind the advanced international and domestic levels. When the disparity is large then the potential is large, enabling us to look from the center for many ways to increase digestive power and lower product costs. To take the city of Wuhan as an example, from January to June of this year the city estimates that the costs of products of internal industrial enterprises and enterprises run by a lower level may be actually 3.01 percent higher than last year. The amount of increase is 69.52 million yuan. The reasons for the price increase, aside from higher prices of raw materials and energy and other objective factors, and poor operation and management, low efficiency, poor quality, large expenditures, high costs and other subjective factors, were an important aspect leading to cost increases. One of the factors currently influencing costs is the large consumption of raw materials and serious waste. For example, comparing the period from January to May of this year with the same period last year, consumption for every ton in an electric furnace rose by 65 kg, consumption for every ton in a converter increased 70 kg and the finishing rate for steel products consumed 4 kg more; just these three together increased costs by 1,248,000 yuan. A second factor is that the quality of products is low and the proportion of rejected products is high. For example, at a certain silicate plant in May the proportion of first grade products was only 68.6 percent and the proportion of rejected products was 23.7 percent. Due to the low quality and high rate of rejected products the plant lost 112,000 yuan in May. A third factor is that "double expenses" have increased and costs have

increased. According to the Municipal Chemical Bureau's statistics on 19 enterprises from January to May, the management of 11 had higher expenses than they did for the same period last year, workshop outlays for 9 had increased over the same period last year, and the two items together increased expenses by 1,738,000 yuan. A fourth factor is that there is an overstock of unsalable products, funds for finished products have increased greatly, the turnover of funds is slow, and more interest on loans is being paid. A fifth factor is that production efficiency is not high and the utilization ratio of equipment is low. For example, from January to May of this year at a certain cotton mill the operating ratio of cloth machinery was only 83.4 percent and the operating ratio for spun yarn machinery was only 71.6 percent, greatly adding to costs. A sixth factor is acting contrary to financial discipline, taking expenditures that do not belong to costs and spreading them into costs. From this it is apparent that only by improving the operation and management of enterprises and overcoming the harmful influences on costs by the aforementioned six aspects can the road to lowering costs become widened as we proceed. In Wuhan from January to June there were 113 enterprises belonging to the city that not only did not increase costs but for which costs actually fell 4.71 percent. The amount of the decrease was 20.42 million yuan, which is powerful evidence.

Recently the Wuhan Municipal Economic Committee reviewed enterprise experiences of increased digestive power and lower costs; to summarize, there were chiefly five aspects:

First, setting right an enterprise's internal reforms, perfecting operation and management and the contract responsibility system: This is an important link in increasing the vitality of enterprises and also a basic guarantee of improving an enterprise's internal digestive power. Enterprise operators must by means of a reformed spirit face difficulties squarely, be bold in opening up, completely analyze beneficial and harmful factors, hold their heads high and avoid shortcomings, make correct policy decisions and adopt concrete measures to lower costs by every possible means. Lowering costs and improving quality must be the major component of managing the contract responsibility system. It must not only include producing but also lowering consumption and conserving energy, improving quality and the proportion of products up to standard and graded products, decreasing the proportion of substandard products, and so on. It must break down layer after layer, including workshops, technical offices, teams and groups, and individuals, and it must also rigorously evaluate and create a basis for recording work-points and rewards. Actively promoting rewards for conserving raw materials and energy really strengthens transportation, reserves and the purchase of goods and materials. It permits the use of control management of every link, maintains stable amounts that can be used and stable amounts to examine. Conservation is rewarded and excess consumption is punished. The experiences of Wuhan's municipal industrial enterprises prove that without emphasizing the supporting reforms of an enterprise's internal operation and management system, improving the quality of an enterprise and increasing the digestive power cannot be discussed.

Second, promote modernized management that makes targeted costs and price engineering the core, and strengthen effective control of the cost formation process: This is the key to increasing an enterprise's internal digestive power. Raw materials and the consumption of materials and fuel account for approximately 80 percent of the cost of industrial products. The practice of many enterprises proves that carrying out targeted cost management and price engineering can greatly lower consumption and other expenditures of raw materials and fuel. Last year the Wuhan Rubber Plant made a profit of 1.1 million yuan. This year just a 20-percent rise in the price of raw materials reduced the profit by 600,000 yuan. In order to improve its internal digestive power, the plant promoted targeted cost management, set a cost target based on the product's workshop, and regarded it as the economic contract responsibility system's primary basis for evaluating rewards and punishments. It will promote the economical use of numerous workers, reduce consumption and stem losses and waste. From January to May of this year, 771 tons of coal were conserved, 59,800 kilowatts of electricity were conserved and the cost of a bicycle tire was reduced from the original cost of 5.8 yuan to 5.54 yuan. The price of power vehicle tires was reduced from the original price of 14 yuan to 13.5 yuan, attaining the national advanced level. From January to May the comparable cost of products declined 9 percent; the amount of the decrease was 930,000 yuan, realizing a profit of 1.11 million yuan and exceeding the total profit for all of last year.

Third, encourage the development of new products, adjust the product mix according to market demand, expand production volumes of goods in demand according to sales: This is an important measure to increase an enterprise's digestive power. In the past the Central China Lamp Plant produced mast head lights, but because the products did not meet demand, the plant lost money for the last 2 years. Since last year the plant has strongly emphasized the development of new products and adjusted the product mix. At present it is already able to produce construction and mining lamps and lamps of different models, totalling 140 kinds that are selling well in more than 10 provinces and cities in the country. The output value and sales revenue for the first 5 months of this year is more than double that of the same period last year. The price of comparable products declined by 4.3 percent. In the same period last year there was a loss of 74,000 yuan, but this year there was a profit of 36,000 yuan. With one stroke it dropped the hat of losing money.

Fourth, accelerate capital turnover and reduce capital use: This is another effective measure to increase the digestive power of enterprises. In the past we lacked the marketplace concept, denied the time cost of capital and ignored the multiplication rule of capital in motion. The faster the turnover of capital, the less time it is tied up and the greater the efficiency. Conversely, as expenditures increase, costs will rise. Last year at Wuhan's two state cotton plants, because a portion of the products were unsalable and overstocked, capital turnover was ineffective, and loans of circulating capital increased on a large scale. At the end of last year the credit high reached 55.29 million yuan and the expenditure for interest was 3.2 million yuan, constituting 3.2 percent of total costs. Those plants unearthed the potential of capital, adjusted the product mix, approved a strict financial

plan for revenues and expenditures, and accelerated capital turnover. Results are already apparent. Loans have decreased month by month, from 51.12 million yuan in January to 48.42 million yuan in February to 43 million yuan in March to 39.30 million yuan in April. The total amount of the reduced interest cost is 174,000 million yuan. From this it is apparent that learning to manage and use money is a necessary quality of modern entrepreneurs.

Fifth, actively introduce advanced technology, accelerate the transformation of technology, and promote technological progress: This is a fundamental measure for increasing an enterprise's digestive power. Most of the raw materials that the Wuhan Refrigerator Plant requires are containerized steel plate, brass pipes, seamless steel tubes and other goods and materials in great demand, which substantially raises prices. With the help of the Chinese Industrial Academy, this plant improved its technology and adopted the new technology of highly efficient heat-transmitting pipes. On the premise of guaranteed quality, it enabled the 480,000 kilocalorie spiral rods that controlled the amount of cold to control the refrigerator. Each unit uses 780 kg less copper material, saving 8.190 yuan. This alone can reduce costs by nearly 1 million yuan a year. In just the first 5 months of this year the Wuhan Steel co, due to the influence of increased transportation expenses of ore and fuel and other factors, had increased costs that reached 60.66 million yuan. Besides promoting targeted cost management and perfecting the operation of the contract responsibility system, this company emphasized the introduction of technology and became seriously engaged in transforming technology, thereby improving its economic efficiency. From January to May of this year, after adjusting for market increases and overspending factors, the cost of comparable products actually fell by 0.17 percent when compared to last year. The amount of the decrease was 1.3 million yuan.

12895/12948
CSO: 4006/65

ECONOMIC MANAGEMENT

LEADER URGES STRENGTHENED MANAGEMENT OF INDUSTRY, COMMERCE

Hangzhou ZHEJIANG RIBAO in Chinese 10 Sept 85 p 1

[Article: "Shen Zulun Points Out at Conference of All Provincial, City and Prefecture Directors of the Industry and Commerce Administrative Bureau: Reform Is Developing Toward Planned Commodity Economy Model; New System Replacing Old Must Strengthen Industry and Commerce Administrative Management"]

[Text] Vice Governor Shen Zulun [3088 4371 0243] several days ago spoke about the situation of the reform of the economic system and the problem of strengthening macroeconomic administration.

Shen Zulun pointed out at the Conference of All Provincial, City and Prefecture Directors of the Industry and Commerce Administrative Bureau, which just concluded, that the current reform situation is very good. Our economy is squarely positioned toward the development of a planned commodity economy. Due to the expansion of guidance planning, the allocation of funds by enterprises themselves is increasing, regulated goods and services outside the plan are increasing, and prices fluctuating with the market and commodities with negotiated prices are expanding, thereby strengthening enterprise vitality. Wage distribution and bonuses tied to economic returns adopted various forms, which contributes to arousing the enthusiasm of workers and promoting production. The second step of rural reform is a large one. The mechanisms of the marketplace are drawn into the village. Farmers are turning from producing for the state plan to producing for the needs of the marketplace. Through market mechanisms millions upon millions of producers are continuously changing the circumstances of production to suit the needs of the marketplace. The adjustment of rural industrial composition has obtained notable results. The assignment of early rice orders for the whole province is basically complete, the price of grain is stable and grain reserves have reached the highest levels in history. The situation of all the industrial and agricultural industries is very good, while the revenue situation has succeeded beyond expectations. A model for a planned commodity economy is now emerging. This is our economy's most important and influential change, and it is already spurring an increase of new vitality in the urban and rural economies. This kind of tremendous change unavoidably brings with it a variety of new problems that can only be solved through development of a planned commodity economy. If current

problems are seen as overly serious and the old system's many kinds of abuses are not remembered, as if the reforms had made a mess of things, it would be putting the cart before the horse.

Shen Zulun said that the thinking that deems it unnecessary to strengthen management in order to stimulate the economy is unrealistic. The more the microeconomy is enlivened, the more the macroeconomy's regulation and control measures must be strengthened, including enhancing necessary state intervention. Only by establishing a normal economic order and corresponding stable production and marketing relationships can commodity production and commodity exchange proceed smoothly. At present some commodity bases do not perform the purchase and sale obligations stipulated in contracts, affecting important export products by forcing up prices and causing a rush to buy, or cutting prices and creating competition to sell, bringing about havoc in production and affecting the products of scarce natural resources by causing competition to buy in every direction, which leads to the ruin of natural resources. There are also trademark forgeries, bogus and mixed commodities and other economic activities in which negative phenomena and every sort of criminal economic activity takes place, all of which requires our strengthening macroeconomic management to solve it. Macroeconomic management mainly depends on two things: economic levers and an economic legal system. Along with economic reforms, opening up and enlivening, we must gradually establish economic management methods that are mutually supportive of these things, perfect various economic tactics, strengthen the economic legal system and learn to use economic tactics and legal measures to manage the economy. These are important tasks of reform. We are now, however, in the process of replacing the old system with the new, and the perfection of economic measures and strengthening of the economic legal system are another process. In the period of "the new crop is still in harvest and the old is consumed," an understanding that fits the actual circumstances is needed for the action and significance of administrative intervention. This analogy can be drawn: if economic levers and an economic legal system were two legs, and the two legs were still rather weak in walking, then administrative intervention would be a walking stick that must not be discarded at this stage. He said that over the entire period of the Seventh 5-Year Plan, we must energetically strengthen the work of the Industry and Commerce Administrative departments. In the economic management of socialism, the necessary administrative measures are indispensable from beginning to end. During the period of reform we must still emphasize that strengthening the necessary administrative measures naturally has the characteristics of a transition. Precisely because of the future change toward not principally applying administrative measures to manage the economy, there is a great need now to use this "transitional" walking stick. This does not imply a possible return to the old road, but rather it is to guarantee that the reform enjoys an orderly progress and is helpful in exploring the new road.

Shen Zulun emphasized that applying administrative measures still requires respecting the rule of the commodity economy, and it cannot harm the interests of the vast majority of commodity producers. Experience shows that only by adhering to these two premises can we make the most of using administrative measures.

Shen Zulun also spoke about how Industry and Commerce Administrative departments must continue to concentrate on developing, building, serving and managing markets. Not only should there be every kind of commodity market, including specialized, comprehensive, wholesale, retail, consumer goods and production materials markets, but every type of support market should gradually be developed, such as scientific and technological, capital, labor services and other markets. This will allow the market to fulfill its role in regulating production and supply and demand.

12895/12948

CSO: 4006/65

ECONOMIC MANAGEMENT

REPORT ON UNREASONABLE COLLECTION OF FUNDS IN SHENYANG

Beijing RENMIN RIBAO in Chinese 15 Nov 85 p 2

[Article by Liu Guosheng [0491 0948 0524]: "Unreasonable Collection of Funds Adds Heavy Burdens to Enterprises--An Investigation of Shenyang"]

[Text] "Multifarious and endless collection of funds is too much of a burden to enterprises!" This is the strong voice this reporter heard in Shenyang.

According to incomplete statistics by the Shenyang Audit Bureau on 150 municipal and district level enterprises, from the beginning of last year to the past June, there were 78 projects involving imposed apportion of donations, fund-raising and contributions, of which 13 were from departments higher than province level and 65 from departments of municipal level. Statistics on 10 enterprises show that these enterprises last year handed out 540,250 yuan to unreasonable fund collectors, and in the first half of this year they were burdened with imposed donations amounting to as much as 370,421 yuan (not including money raised for educational funds for middle and primary schools).

In initiating public welfare work, some departments frequently resort to social fundraising and apportion of donations. By imitating one another, they have made it a common practice. In raising funds for the construction of a youth palace, the city asked youth under the age of 28 from all industrial enterprises to donate 10 yuan per person. To sponsor the ninth sports games of public security personnel, the city's public security bureau asked each enterprise to "donate" 8 yuan for each economic policeman. To set up a recreational center for veteran cadres, the Organization Department of the Shenhe District Party Committee collected a total of 400,000 yuan from the district's 27 enterprises for the construction of a building. In expanding a stadium, the Tiexi District also collected money from large factories in this district and the smelter alone gave 15,000 yuan.

"Contribution" has become a fad. According to an investigation by the Shenyang Bureau of Finance of 16 state-owned enterprises, from the beginning of last year to last May, there were 43 items of contributions. For instance, on the occasions of celebrating the winning of the championship by the Liaoning team in the National Soccer Association Cup Tournament, electing Liaoning's "10 Best Athletes," televising the Spring Festival show by the Central Television Station, joint televising of a television drama series by the Liaoning Provincial

Television Station and the Shenyang Television Station, the city seniors' volleyball game, the Second National Workers' Games and so on, all the enterprises were asked to contribute funds. The Sino-Czechoslovakia Friendship Factory paid 50,000 yuan in contributions last year and over 20,000 yuan during the first half of this year.

Imposed apportion of donations, fundraising, contributions and unreasonable collection of funds and imposing fines have exceeded the capacity of enterprises to sustain. The Shenyang Oil Chemical Plant alone has to give away more than 400,000 yuan worth of various kinds of imposed donations a year. Even though objecting to such unreasonable collection of funds, most enterprises dare not to report to higher authorities, nor can they hold out against it. Because of this heavy burden, enterprises have to transfer such extra expenses into costs and other special-purpose items. According to the investigation by the Shenyang Finance Bureau, of the 16 state-owned industrial enterprises, from the beginning of last year to last May, these enterprises shouldered unreasonable apportion of contributions totaling 397,000 yuan, of which 151,000 yuan were classified as costs and 246,000 yuan as special-purpose funds.

How were the collected funds used? According to an investigation by departments concerned of 35 major projects involving apportion of contributions, 5.07 million yuan were raised, of which 3.76 million yuan, accounting for 74 percent of the total, were used in those projects. The rest 1.31 million yuan, accounting for 26 percent of the total, were mostly wasted and squandered by the collecting units. The city's Bureau of Machinery and Electricity set up a human resources company last year and raised 64,000 yuan from enterprises, of which 4,000 yuan were spent on radio, cups and other items. The city's Performance Corporation collected 11,500 yuan from 14 enterprises in August of last year in its Art Festival fundraising campaign. The corporation spent almost half of the sum on banquets, gifts, travel and dancing parties, in addition to paying a 10-percent commission to the individuals who collected the money.

"Hooking" various kinds of charges and especially fines with economic results is also a major cause for abusive charging and fining. The units who have the jurisdiction to charge and impose fines usually have their funds allotted in the financial budget. If they are allowed to deduct a percentage from the charges and fines they collect, it will not only cause the wasting of money, but also encourage them to raise fees at will and impose more fines in order to get more deduction.

The harm of imposed apportion of contributions cannot be overestimated, so leading bodies should take the initiative to stop it as soon as possible.

12,974/8918
CSO: 4006/349

ECONOMIC MANAGEMENT

ZHEJIANG INDUSTRIES MAINTAIN MOMENTUM DURING REFORM

Hangzhou ZHEJIANG RIBAO in Chinese 10 Oct 85 p 2

[Article by Gong Jiao [1362 5754]: "Zhejiang Industrial Production Continues To Advance During Reform"]

[Text] Since the beginning of this year, our province as a whole has kept a good momentum of continuous, steady and coordinated development. From January to August, industrial output value was 28.7 billion yuan, an increase of 39 percent over the same period of last year. Energy production, communications and transportation as well as post and telecommunications service, which are directly related to industrial production, have all fulfilled their quotas and thus guaranteed industrial production. The growth in industrial production provided an important material basis for the development of our province's economy and the construction of socialist modernization in our province.

This year, Zhejiang's industrial production has the following characteristics:

1. Production is growing steadily. Because of a relatively high growth rate in industrial production at the end of last year, this year saw a relatively high starting point at the beginning of the year. Since May, the growth rate has slowed somewhat. This has been one of the best periods in recent years for relatively smooth and steady growth.
2. The supply of products cannot meet demand. Industrial products have been in active circulation because of vigorous production and marketing. Industrial departments basically have no large quantity of unsalable or overstocked goods. Several major products, such as televisions, refrigerators, and electric fans, increased severalfold; washing machines, wool fabrics, chemical fabrics, leather shoes, beer, canned foodstuffs and dairy products increased at least 40 percent. Light industry has kept a faster pace than heavy industry throughout this period. The market has been filled with a dazzling array of consumer industrial products and an unprecedentedly prosperous scene has appeared. Even so, gross demands still exceeded gross supply in the market.
3. The proportion of collectively owned industry has increased rapidly. Beginning in April, collectively owned industry exceeded state-owned

industry in the absolute amount of total output value and the proportion of the output value of collectively owned industry in the province's total industrial output value increased from 47 percent at the end of last year to 54 percent at present. The rapid development of collectively owned industry, and especially the rise of rural and small town industry, has changed the structure of industrial ownership, brought new vital force to the rural economy and symbolizes that our province's rural areas have started getting rid of the traditional agricultural structure and transforming into comparatively large-scale commodity production.

4. Tax profits, output value and revenue have basically kept proportional growth rates. From January to August, state-owned enterprises within the budget throughout our province saw an increase of 16.6 percent in total industrial output value, 21.5 percent in sales income and 19.4 percent in tax profits over the same period of last year, while during the same period the province's revenue far exceeded any of the above-mentioned figures. Under the current situation in which the prices of industrial raw materials and auxiliary materials are increasing, industrial production still keeps certain economic results and plays a decisive role in the province's steady personal income growth and government revenue increase.

This satisfactory situation of our province's industrial production appeared this year because the economic system reform with cities as centers played an important promoting role. It is also an inevitable result of the deepening of the reform. The reform broadened people's field of vision, broke up the long-existing notion of small-scale peasant economy and changed conservative customs. It made us proceed from actual conditions, make full use of advantages and avoid disadvantages and bring into full play our own superiority. Thus, it made it possible for us to establish the strategic principle of "two reforms and two openings" (economic system reform and technological reform; opening up at home and abroad and opening up resources in the ocean, mountainous areas and personnel), utilize the environment created by reform and the open door policy, rely on both our provincial market and markets outside our province and mount the economic "stage" of our country. In industrial development, we adopted the method of four wheels turning together, that is, state-owned enterprises, collectively owned and rural and small town as well as private enterprises all participate. State-owned enterprises, collectively owned and rural and small town enterprises, closely integrated, will learn from one another's strong points and offset weaknesses, promote one another, merge into an organic whole and continue to explore new paths for Zhejiang's industrial takeoff.

In the course of reform, enterprises' self-developing capability was strengthened to some extent. Under the presupposition of persisting in carrying out the socialist planned commodity economy, bringing into full play the auxiliary role of market adjustment and establishing a socialist economic system that has Chinese characteristics and is full of vitality, various types of industrial enterprises will be allowed to keep the initiative in their own hands with regard to economic activities. Beginning in 1984, the provincial party committee and provincial government began to issue an array of documents concerning reinvigorating urban and rural collectively owned industries and expanding state-owned industrial enterprises' rights of

self-determination. These changes in economic and managerial systems made it possible for industrial enterprises to set up a unified and relatively powerful productive commanding system, improve qualities and acquire flexibility in management. The factory director responsibility system has been tried in some factories on the basis of the overall reorganization of enterprises and reshuffling enterprise leading bodies which were carried out in the past few years. More than 500 state-owned enterprises throughout the province have undertaken this experiment. All in all, the development is healthy.

12974/9435

CSO: 4006/199

ECONOMIC MANAGEMENT

SHANXI ENCOURAGES RURAL, URBAN COMMERCIAL INTERCHANGE

Taiyuan SHANXI RIBAO in Chinese 23 Oct 85 p 1

[Article by SHANXI RIBAO: "Provincial Government Asks Supply and Marketing Cooperatives To Go All Out To Bring Agricultural Products to Cities and Industrial Products to the Countryside in a Timely Manner"]

[Text] According to the report of MARKET INFORMATION, the leading comrades of the provincial government recently proposed that the supply and marketing cooperatives of all levels actively participate in marketing activities, breaking up boundaries between cities and the rural area, boldly go ahead in management to enliven material interchange between cities and the countryside.

The 4 months from now till the Spring Festival will be a busy marketing season and therefore it is very important to make good arrangements for market supply. The supply and marketing cooperatives of all levels should plunge into action, organize the shipment of industrial products to the countryside and agricultural products to the cities, and open up a new path for invigorating the market. In organizing shipment of agricultural products into the cities, the supply and marketing cooperatives should place emphasis on meeting the urgent needs of the people. They can have a free hand in the management of grains, oils, meats, eggs and vegetables, encourage and organize peasants to go into town to sell these products at negotiated prices and create conditions and make it convenient for them to go into town. They should advocate and support peasants' growing more oil-bearing crops and raising sheep and rabbits and other domestic animals.

Whether the market is flourishing or not directly relates to the national economy and the people's standard of living, stability and unity and the construction of the four modernizations as a whole. State-owned commercial departments and the supply and marketing cooperatives of all levels should collaborate with each other and do a good job of market adjustment and market management.

12,974/8918
CSO: 4006/349

ECONOMIC MANAGEMENT

STRENGTHEN HORIZONTAL ECONOMIC TIES TO DEVELOP SICHUAN

Chengdu SICHUAN RIBAO in Chinese 15 Oct 85 p 2

[Article by Jiang Zeting [1203 3419 0080]: "Develop Horizontal Economic Relations and Speed Up Economic Development of Sichuan"]

[Text] Developing horizontal economic contacts is an important step in breaking through economic isolation and also an inevitable trend of the economic system reform. It plays an active role in invigorating the economy and speeding up the construction of the "four modernizations." Any enterprise or region's economy without exception has its own advantages and weakness. But through horizontal economic contacts they can absorb each other's strongpoints and make up for their own shortcomings and open up a path toward coordinated economic development.

In recent years, our province benefited greatly from developing horizontal economic contacts and technological coordination. Over the past 30-odd years since liberation, our province has established an industrial system of considerable scale; and furthermore we have sufficient labor force and a vast market of 100 million people; these make up Sichuan's advantages in economic development. But Sichuan's economy also has its weakness: for instance, economic development is still imbalanced, some potential still needs to be tapped and there are still some poor and backward areas and underdeveloped fields, etc. Vigorously developing horizontal economic relations both inside and outside the province; adopt others' strongpoints to make up for one's own shortcomings; add to one's strongpoints and discard one's shortcomings; this is an exploratory economic task facing our province at present. We must make a good job of it and strive for marked success.

How can we do a good job in the task? In view of Sichuan's situation, I think we should stress these four aspects:

1. Based on existing industrial strength, develop horizontal economic relations to promote our province's industrial progress. As a result of more than 30 years of construction, and especially due to the fact that the state made a large amount of investment in the construction of the "third front," Sichuan now has acquired an industrial system with relatively complete branches, with its fixed assets ranking second in the whole country. Sichuan's machine-building, electronics, ordnance and metallurgical and other industries occupy

an important place in the country and the province also saw the emergence of a group of central economic cities and industrial bases such as Chongqing, Chengdu, Zigong and Dukou. We should make full use of this advantage, on the one hand, send our products and technology out of the province and, on the other hand, bring in advanced technology and managerial experience, transform and improve our province's industry in order to strengthen adaptability and competitiveness. Within the province, we should attach special importance to giving full play to the role of central cities and industrial bases, let them project their influence to the vast rural areas and cities and towns, widely establish interrelated, mutually complementary horizontal economic networks to bring along the whole province to raise the industrial level on a general basis.

2. Accelerate the pace of military-civilian combination. The state has always viewed our province as a strategic rear and hence a key construction area. Over the years many of ordnance enterprises and their auxiliary enterprises were set up. These enterprises generally boast relatively strong technology and equipment and some of them are nationally first-rated. But because of the complication of the economic system, these arms enterprises are strongly self-sealed. In recent years, the closeness of the ordnance industry was broken through to some extent, but as a whole its comprehensive capabilities, especially scientific research capabilities, have not been fully tapped. Therefore, the ordnance industry should widely unfold coordination and integration, on the one hand, transfer military industrial technology to civilian industry and, on the other hand, do a good job of technological import and transformation and expand its own strength. Furthermore, it should continuously and selectively develop new technology and open up new industries to make the ordnance industry truly become an important force in driving Sichuan's economic development.

3. Attach importance to the opening up and utilization of resources. Sichuan covers a vast territory and is rich in resources. Over 150 varieties of minerals have been discovered to be of industrial value and among them the deposits of 78 varieties have been verified. The deposits of 28 varieties of the verified are among the greatest in the country, among which the deposits of 10 varieties, including vanadium and titanium, rank first nationally. But because of long-time isolation, plus funds, technology and other causes, most of the resources have yet to be transformed into commodity advantage. In order to bring into full play the advantage of this kind of resources, it is utterly necessary to fling open the door to the rest of the country and especially some coastal regions in the east. We should use various forms of cooperation, such as integration, coordination, joint venture and compensation trade, to attract funds, advanced technology and managerial experience from elsewhere to our province, in order to speed up the opening up and utilization of resources and to promote common prosperity.

4. Develop and open up famous and high-quality products. In a sense, an enterprise's vitality is decided by its products' vitality and projection power. Sichuan boasts a large group of famous and fine-quality products which are popular among consumers and among them some even enjoy good reputation in the international market. This advantage in products is a favorable condition for developing horizontal economic relations, and quite a few enterprises and regions

outside Sichuan have already or are planning to cooperate with us. We should selectively develop economic integration with famous-brand, fine-quality and new products as the leaders. We should, as Chongqing Tianfu Cola Beverage Industrial Corp did, widely establish various transindustrial, transregional complexes in accordance with the principle of being rational in economic structure and feasible in technology to develop and open up famous and fine-quality products, give full play to the projection role of fine-quality, famous-brand and new products, and distribute them more widely.

In developing horizontal economic relations, we should uphold the principle of seeking truth from facts and observing objective law. But at the same time we should also pay attention to the principle of volunteer participation, mutual benefit and joint development. This is a key question concerning the success of horizontal economic relations. Besides, there should be diversified forms: it can be closely integrated, or just loosely connected; it can be long-term, just short-term, or even single-deal cooperation; it can be an integration within a region and an industry, or transregional and transindustrial; it can be a production, marketing or other singular integration, or an "integrated process" of scientific research, production and marketing; it can be a joint venture, or cooperation and compensation trade, etc. In a word, as long as it benefits the development of production and invigorating the economy, any form can be explored and tested. Now that developing horizontal economic relations is an important subject of the economic system reform and it must rely on the reform to guarantee its smooth progress, therefore expanding enterprise self-determination power and truly handing over the power of production and management to the enterprises that belongs to the enterprises and hence make enterprises bring into full play their enthusiasm, initiative and creativity in horizontal economic activities is what we must continue to strive for. Governments of all levels should change their stand, turn themselves from the "mother-in-law" that governs enterprises to the "public servant" who serves enterprises, go deep into the grassroots to conduct research and investigation and really help enterprises solve various kinds of problems. Meanwhile, governments of all levels should also formulate laws and preferential policies within their jurisdiction, use price, tax, credit and other economic levers to guarantee and promote the development of horizontal economic relations. Sichuan in ancient times was such an isolated region that it was described as "having no contact with the outside world." Over a long period of time, our fossilized mode of economic construction put Sichuan into more serious economic isolation. Walking out of the isolation and sticking out our antennas, we should sincerely invite guests from anyplace under heaven to widely develop diversified economic and technological integration to make more contributions to revitalizing Sichuan's economy.

12,974/8918
CSO: 4006/350

ECONOMIC MANAGEMENT

QUESTIONS ON CONTROLLING INVESTMENT SCALE OF FIXED ASSETS

Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 14 Nov 85 p 2.

[Article by Zhou Daojiong [6650 6670 3518] and Tian Chunsheng [3944 2729 3832]: "Several Questions with Regard to Controlling Investment Scale of Fixed Assets"]

[Text] Uphold Basic Balance Between Social Demand and Supply

In recent years, our national economy achieved continuous, steady and coordinated development and great progress was also made in fixed-assets investment. The problem, however, is that since last year, investment scale has been expanding day by day and exceeded the level that the state's financial and material power can support. The CPC Central Committee in its proposal with regard to formulating the Seventh 5-Year Plan pointed out that upholding a basic balance between gross social demand and gross social supply, determining rational investment scale of fixed assets in accordance with national strength, striking a balance between finance, credits, materials and foreign exchange are fundamental conditions to guarantee coordinated economic proportional relationships, stable economic life and smooth progress of the ongoing economic system reform. Our country and other socialist countries' construction experiences have time and again indicated: construction scope must fit each country's financial and material power. If construction scope goes beyond a country's national strength, it will bring about an unstable economy, and even proportional imbalance and a chaotic and retrogressive economy. Likewise, it will affect the stability of the political situation. Only when investment scope and the country's national strength fit each other can the economy achieve steady, continuous and coordinated development. Since the founding of the People's Republic, there have been three major expansions in investment scope in our economic construction. Although the three expansions had different causes and circumstances, they all resulted in a major depression right after a major expansion, and the sudden rises and falls brought grave and incalculable losses to the national economy. These historical lessons are extremely profound and we can never afford to repeat them.

Cut Down Overexpanded Investment Scope

The brilliant achievements during the Sixth 5-Year Plan would not have been possible if without rational arrangements and controlling of investment scope.

In 1979, the Central Committee put forward the principle of readjusting, restructuring, consolidating and improving the national economy. In 1980, the accumulation rate dropped from 34.6 percent in the previous year to 31.6 percent, but investment scope was still too large. In 1980, the government made the decision to further carry out the readjustment of the national economy and made it clear that in order to carry out the "four-point" principle, readjustment was the key and furthermore compressing capital construction the key to readjustment. In 1981, investment in capital construction was cut down 20 percent and the accumulation rate dropped to 28.5 percent. At that time, some comrades thought the readjustment was overdone. But what were the facts? It was just because the Central Committee was firmly determined to cut down the overexpanded investment scope that good results were registered the same year. The consignment rate of fixed assets of 1981 reached 86.6 percent, showing a comparatively good performance level in history. From 1981 to 1983, despite a brief resurrection of overexpansion, in general the 3 years saw a basic compatibility between construction scope and the national strength. Besides, vigorous measures were taken to tackle such bottlenecks of the economy as energy, communications, raw materials and light industry. These efforts have resulted in a more and more rational investment structure and finally extricated the national economy from a predicament and led it onto a healthy development track.

In 1984 and 1985, investment scope again overexpanded. However, because of the good production situation and some measures taken, the contradictions brought about by the investment scope overexpansion have not become acute. But this kind of high investment and high accumulation are beyond our country's national strength to continue to sustain. If we manage to continue this trend, it is bound to affect the smooth progress of our economic system reform.

Several Questions That Need To Be Solved Appropriately

In its proposal concerning the Seventh 5-Year Plan, the Central Committee proposed that the investment scope of fixed assets in 1986 and 1987 be roughly maintained at the level of 1985; and that under the condition of putting the investment scope of fixed assets under control, the construction of energy, transport and communications, raw materials and other basic industries and basic facilities be strengthened. In order to carry out this important decision of the Central Committee, we are of the opinion that attention must be given to appropriately solving the following questions:

1. Maintaining the investment scope of 1985 means annual investment scope, not the gross scope under construction. Annual investment scope is the investment volume the state actually completed during the year. It reflects the labor power, financial power and material power the state contributes in a year. Gross scope under construction means the total investment volume needed to complete all the projects under construction of the year and it reflects the labor power, financial power and material power the state contributes during a certain period of time. When annual construction scope surpasses the national strength of the year, it is manifested in oversized annual scope; when gross scope under construction surpasses the national strength of a certain period of time, it is manifested in a far-flung front the state is actually

engaged in. The main sign of an overextended front is too many projects being constructed simultaneously, which has much more far-reaching influence on the national economy than an oversized annual scope. At present, on the question of overexpanded investment scope, not only is the annual scope oversized, but the gross scope under construction is even more oversized. Statistics show that the scope of capital construction under construction at the end of 1984 doubled that of 5 years earlier. And to complete all these projects under construction, it will almost have to use up the total capital construction investment for the Seventh 5-Year Plan. If we do not compress the gross scope of capital construction under construction and slash some projects, and if we continue to ever extend the front while there is no way to increase annual investment, we can only scatter "powdered pepper" over the numerous projects, hold each other back and leave many projects half-finished over a long period of time. In this way, how can we change the passive situation in which the front is stretched thin? How can we raise the benefit of investment? We must make it clear that annual investment scope should maintain the original level and that instead of maintaining the gross scope under construction, we must compress it.

2. With regard to the question of readjusting investment structure, the proposal concerning the Seventh 5-Year Plan clearly stipulates that under the condition that the annual investment scope of 1986 and 1987 maintains the original level, the readjustment of investment structure must be combined with the compression of gross scope under construction. Only by being determined to conscientiously clear up the projects under construction, abandon or postpone the construction of some projects which are needed but show unsatisfactory economic results or do not have necessary construction and production conditions, and at the same time adopt resolute measures to slash some new projects that belong to the above-mentioned types and cut down the gross scope under construction, can we make room for energy, transport and communications, raw material and other key projects and guarantee their funds, material and construction.

Only through the combination of abandonment and selection can we reform the irrational tendency in current investment structure. In readjusting the investment structure, we should also appropriately compress new extension projects and increase investment projects that can be truly used in technological transformation in existing enterprises. Over the past few years, less than 40 percent of fixed-assets investment was used in technological transformation, which is obviously too low. The proportion used in saving energy resources and raw materials, improving industrial structure and raising product quality was even lower. This situation is obviously unfavorable to the implementation of the principle of fully utilizing production potential of existing enterprises.

3. Building up basic facilities and basic work is the key to guarantee smooth progress of the national economy. The contradiction at present lies in insufficient financial power of the government. We should adopt the principle of appropriately concentrating funds and transferring projects to lower levels. On the one hand, while expanding enterprises' profits after taxes, we should appropriately increase the central government's revenue, or adopt other ways to concentrate necessary financial power, in order to meet the needs of key

construction projects. On the other hand, we should guide different regions, departments and enterprises to put still more investment in key construction.

4. We should strengthen the role of overall adjustment toward controlling investment scope. To guarantee the basic balance between gross social demands and gross social supply and achieve compatibility between investment scope and the national strength, there are two keys: one is to strengthen planned adjustment and change the current situation in which the state plan cares only about projects within the budget, not beyond the budget, only projects within the plan, not outside the plan, only state-owned projects, not other types of ownerships. Only by mastering the gross demands of the whole society for fixed assets investment and making a good arrangement of the investment structure that suits objective needs, can we strike a balance between finance, credits, materials and foreign exchange as well as guarantee coordinated proportional economic relations. Another key is to strengthen fund adjustment. We should strengthen the management of self-raised funds outside the budget and carry out the principle of examination before deposit, deposit before approval and approval before withdrawal for use. Meanwhile, we should improve the management of bank credits, change the current practice of issuing credits for fixed-assets investment by all banks. Various specialized banks' business scope can overlap to some extent, but basic business scope should not be upset and mixed up. Funds for capital construction and large-scale technological transformation should be handled by the Construction Bank in a centralized manner. The Construction Bank should, under the prerequisite of implementing the state's plans for fixed-assets investment and financial and credit, make full use of the lever role of credits and interest rate to strive for better management and more flexible utilization of funds, and raise the utilization benefit of credit funds. Planning and funds are the head and tail of the national economy, and putting the two ends under control will benefit the control and invigorating of the overall situation.

12,974/8918
CSO: 4006/350

ECONOMIC MANAGEMENT

REORGANIZATION OF HEBEI COOPERATIVES SUCCEEDS

Shijiazhuang HEBEI RIBAO in Chinese 8 Oct 85 p 1

[Report by HEBEI RIBAO correspondent: "Combining Reorganization and Reform and Raising Overall Enterprise Quality: 95.6 Percent of Our Province's Reorganized Supply and Marketing Cooperative System Enterprises Meet Standards"]

[Text] Beginning 1982, Hebei's supply and marketing cooperative system persisted in combining enterprise reorganization and system reform, vigorously carried out the reorganization in both vertical and horizontal organizational systems, and acquired good results. Up to the end of last August, of 1,055 enterprises in the supply and marketing cooperative system at and above the county level, 1,049, accounting for 99.4 percent, passed examination. Including grassroots enterprises, 3,817 passed examination, accounting for 95.6 percent of all enterprises. In January 1985, the Ministry of Commerce awarded our provincial supply and marketing cooperative the silk banner of "Achieving Marked Progress in Enterprise Reorganization."

In the course of reform, supply and marketing cooperatives of all levels persisted in combining leading body reorganization with reforming the cadre system and raised the quality of leading bodies. Through such means as democratic election, inviting tenders and advertising for hiring employees, the lifelong tenure cadre systems has basically been broken up. According to incomplete statistics, throughout the province 2,127 ordinary cadres and workers, 321 contracted workers and 373 farmers from country-level and grassroots enterprises were elected into grassroots cooperatives' leading bodies. These people have a good knowledge of the business, know about enterprise management and are enterprising. Moreover, supply and marketing cooperatives of all levels vigorously reformed the labor system and raised workers' ideological and business qualities. They generally carried out the labor contract system and introduced the new system of advertising to hire technical personnel, thus bringing notable improvement in the employee structure. Meanwhile, over 11,200 technical personnel of various types participated in training programs and such activities as intensive business training and technical contests were generally developed. At the same time, supply and marketing cooperatives of all levels further straightened out their business ideas, expanded service scope and raised service quality. Supply and marketing cooperatives in all parts of the province persisted in

taking as the central task the changing from "officially run" businesses to businesses run by the local people and changed from the purely operating type to the comprehensive service type. Up to the end of last June, as much as 210 million yuan had been raised through expanding the number of shareholders, which was an increase of over 400 percent above the total paid for shares by commune members in 1982. More than 100 types of production and processing enterprises and service facilities, totalling 2,090 projects, were set up. All enterprises and organizations in the supply and marketing system throughout the province have carried out various kinds of management contract responsibility system, and hence aroused workers' enthusiasm and raised enterprise economic results. Since 1983, each year's three indexes of purchases, sales and profits have surpassed those of the previous year, fulfilled plans and broken historical records for 2 years running. At the end of 1982, 1,165 grassroots cooperatives had deficits, but by 1984 the number had been reduced to 112. Throughout the province, 30 counties and cities and 428 grassroots cooperatives doubled their annual profits. From January to June this year, the three indexes of purchases, sales and profits increased 7.7, 16.2 and 1.1 percent, respectively.

12974/9435

CSO: 4006/199

FINANCE AND BANKING

WANG BINGQIAN ADDRESSES FINANCIAL WORK CONFERENCE

OW131408 Beijing XINHUA Domestic Service in Chinese 0846 GMT 13 Dec 85

[Text] Beijing, 13 December (XINHUA)--Wang Bingqian, state councillor and minister of finance, addressed the national conference on financial work which ended today. He said: Currently the nation's economic and financial situations are very good. Revenues, which rose steadily during the past four consecutive years, are expected to rise about 20 percent this year. We are quite confident that we will be able to balance revenues and expenditures and eliminate deficits.

Wang Bingqian called for continued efforts to achieve a balance between revenues and expenditures next year and lay a good foundation for fulfilling the financial tasks set by the Seventh 5-Year Plan. To achieve this goal, he pointed out that we must do well the following four points in next year's financial work:

1. Pay close attention to increasing revenues and reducing expenditures. We should, first of all, vigorously increase income by paying earnest attention to tax collection work and the financial work of enterprises. Efforts should be made to establish and amplify various management systems and strictly enforce tax and finance laws and disciplines. Meanwhile, we should arrange and control expenditures in accordance with state plans, practice economy, and combat waste. Except for increased expenditures which are necessary for ensuring key projects, the smooth implementation of reform, and for projects concerning investments in intellectual resources, we should exercise control over other expenditures next year. We should continue to assign quotas next year to control administrative expenses and institutional purchases. Financial departments at all levels must stick to the policy of achieving a yearly balance between revenues and expenditures with some surplus. Deficit spending is not allowed. Earnest efforts should be made to strengthen management of nonbudgetary funds and clear up the "small money-lockers" in various units.
2. Continue to improve the fiscal and taxation systems and make the necessary preparations for all-round reform of the economic structure during the Seventh 5-Year Plan period. Next year we will begin to gradually lower the rate of regulatory tax for those large and medium-sized key enterprises which require technological renovations, are assigned heavy export responsibilities have made great contributions to the state, and whose rate of regulatory tax is

high. We will also, in a planned and systematic way, raise the depreciation rate of fixed assets for a section of enterprises to further enliven large and medium-sized enterprises. We must continue to improve the system of replacing profits delivery with tax payments as well as industrial and commercial tax systems to fully bring into play the role of taxation as an economic lever.

3. Pay attention to key points in connection with the actual conditions to achieve a breakthrough in raising economic efficiency. Next year we should shift the emphasis of financial work to improving economic efficiency and give active support to projects conducive to improving economic efficiency. We should help some enterprises in carrying out indispensable technological innovations and importing needed technology by granting them special funds or by subsidizing their interest payments. However, it is strictly prohibited to transfer these funds to capital construction investment or consumption funds.

4. Strengthen ideological and political work; reinforce the ranks of financial and tax collection cadres; and carry on the tradition of hard work, plain living, and being honest in performing official duties. It is necessary to continue to strengthen financial and tax organizations, reinforce the ranks of cadres, and strengthen information exchange and comprehensive analysis work.

The national conference on financial work opened in Beijing on 4 December. Representatives to the meeting discussed and allotted 1986 fiscal revenue and expenditures indexes and made arrangements for next year's financial work.

/12913

CSO: 4006/436

FINANCE AND BANKING

SHAANXI'S LI QINGWEI SPEAKS AT FORUM ON FINANCE, TRADE

HK090813 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 5 Dec 85

[Text] On the afternoon of 5 December at a provincial forum on financial and trade work, Governor Li Qingwei made a speech pointing out: State-run commercial enterprises must open up the sources of goods, take an active part in the regulation of the market, and give full play to their role as a main channel. At present they must do well in grasping the supply of important non-staple foods, including meat, eggs, and vegetables. This is the key to running the market well.

On 3 December, the Provincial Finance and Trade Office convened a forum of responsible comrades, of all prefectures and cities, in charge of financial and trade work. Stress was laid on 9 analysis of the market situation in our province this year. Supply in the market this winter and next spring was studied and arranged.

Yesterday afternoon, Governor Li Qingwei attended the forum and spoke. He said: Since the beginning of this year, our province has scored very great achievements in work on the financial and trade fronts. These have been reflected in the very good situation of the urban and rural markets throughout the province. However, we must realize that in the wake of the penetrating implementation of the policies of reform and opening up, the constant increase in the people's income in the urban and rural areas, and the continuous change in the situation of the market, the contradiction between supply and demand will become more and more conspicuous. The financial and trade fronts are still confronting very arduous tasks in supporting production; opening up sources of goods; regulating the relations between supply and demand; stabilizing commodity prices; increasing income, reducing expenditures, and properly controlling capital.

In dealing with the current market situation, Governor Li Qingwei said: State-run commercial enterprises must strengthen the procurement of industrial products, particularly important means of production and durable industrial products which are in short supply, which must be handled by state-run commercial enterprises. Other enterprises and individuals must not carry out wholesale business in, or the supply of these commodities. State-run wholesale enterprises in large and medium-sized cities must do well in storing seasonal goods and give play to their role as reservoirs. They must overcome the current viewpoint of merely seeking profits. Doing a good job in the

supply of non-staple food, including meat, eggs, and vegetables, is an important matter which has a bearing on thousands upon thousands of households. The situation in autumn vegetables this year is very good. State-run vegetable companies must do good business and properly regulate varieties to stabilize the prices of vegetables. State-run commercial departments must strengthen the procurement of agricultural and sideline products. In particular, they must procure and supply more pigs, beef cattle, goats, and fresh eggs this winter to support the urban, industrial, and mining areas so that the markets are well supplied. The grain departments must step up the procurement and marketing of grain. A bumper harvest of summer grain was reaped this year and the quota of grain ordered was overfulfilled ahead of schedule. This played an active party in ensuring a balance of grain all through the year. Although production of autumn grain was reduced due to disasters, a very good harvest was still reaped. That our province can be sufficient in grain in a year of big disasters is an important strategic victory for us. At present, we must step up the work of storing the autumn grain in the granaries. Moreover, we must also conscientiously make arrangements for the masses' livelihoods in the disaster areas and areas which lack grain.

Governor Li Qingwei also put forward specific demands for aspects of the work of stabilizing commodity prices and controlling banks' credit funds, revenue, and financial expenditure. In conclusion, he said: Financial and trade departments at all levels must strengthen leadership, have an overall and clear picture of the market, unblock channels, coordinate relations, and do financial and trade work throughout the province to an even higher standard.

/12913

CSO: 4006/436

FINANCE AND BANKING

PROGRESS IN AUDITING UNCOVERS FINANCIAL VIOLATIONS

OW151230 Beijing XINHUA Domestic Service in Chinese 0124 GMT 15 Dec 85

[By reporters Chen Naijin and Wang Yingchun]

[Excerpts] Beijing, 15 December (XINHUA)--Our country has scored tremendous progress in auditing work this year. From January to September, auditing organs uncovered questionable money totaling 5.3 billion yuan. Auditing is playing an increasingly important role in economic work.

Auditing is one of the important measures employed by the state to exercise financial and economic supervision. Since late 1984 when they were established, auditing organs at all levels have actively carried out auditing and supervision. In the first nine months of this year, they audited some 43,000 units, three times the number of units audited last year. Among the questionable money they uncovered, 3.9 billion yuan are involved with violations of financial and economic discipline. Their work has played a positive role for enforcing financial and economic discipline, ensuring smooth progress of economic reform, and improving party and social conduct.

The all-round reform of the economic structure requires that auditing organs play a role in macroeconomic control and management. In recent months some provincial and city auditing organs have done a great deal of work in this regard. After discovering that many enterprises and institutions had intentionally kept the contract base figures low and retained and recklessly spent revenue that should have been turned over to the treasury, the Liaoning Provincial Auditing Bureau proposed some measures for further bringing the irrational rise in consumption funds under control, which were approved and transmitted by the Liaoning Provincial People's Government to the whole province for implementation.

Auditing organs in various localities also explored ways to regularize and institutionalize auditing work. At present, directors and managers of some state-owned enterprises concentrate only on the short-term interest during their tenure with no regard for the long-term development of the enterprises. Some even indiscriminately issue bonuses and falsify reports on achievements, creating difficulties for the enterprises and their successors after they leave for other posts. To counter this situation, Liaoyuan City of Jilin Province, Huainan City of Anhui Province, and other places have adopted auditing measures for outgoing factory directors and managers. According to

the measures, competent departments may authorize factory directors and managers to leave office only after auditing organs have determined if the reported surplus or deficit figures have been falsified and whether there are any violations of law or regulations in the enterprises' revenues and expenditures.

Following internationally recognized auditing principles, auditing organs this year submitted reports and suggestions after auditing the 1984 finances of units in charge of projects financed by World Bank loans or aided by the UN agencies. After reviewing the reports, the World Bank concluded that auditing work done on the projects financed by World Bank loans fully conforms to international auditing principles and meets World Bank requirements.

/12913

CSO: 4006/436

FINANCE AND BANKING

SHANDONG SUCCESSFUL IN GENERAL TAX-FINANCE SURVEY

SK160823 Jinan Shandong Provincial Service in Mandarin 2300 GMT 15 Dec 85

[Text] The provincewide survey of tax and financial affairs has developed rapidly with remarkable achievements. By the end of November a total of 341,000 enterprises run by the state, collectives, townships, towns, villages and individuals conducted self- and mutual-examinations, and underwent examination by specialized personnel. As a result, a total sum of 433 million yuan was uncovered, of which 372 million yuan has been decided to be incorporated into financial revenue. Thus far, more than 227 million yuan has been delivered to the state treasury.

At the recent meeting participated in by directors of various city and prefectural offices in charge of the tax and financial survey and heads of various branches of the provincial survey group, Ma Shizhong, vice governor of the province and head of the provincial tax and financial survey group, stressed the necessity of making persistent efforts to conduct the specialized examination, to deliver taxes due to the state treasury, and to solve problems in this regard so that we can achieve success in the current tax and financial survey from beginning to end.

Comrade Ma Shizhong said: The preceding stage of the provincewide survey of tax and financial affairs has developed in a comparatively good manner, and marked achievements have been scored. But because the time is pressing and the task heavy in the next stage of the survey, we must guard against complacency and slackness and attend to the work in one vigorous effort.

The specialized survey should be brought to a temporary close in mid-December on the whole. Those cities and prefectures which have not yet met the requirements of the provincial authorities should readjust and strengthen their forces to catch up with others. Delivering the taxes due to the state treasury constitutes the decisive battle for thoroughly completing this general survey. We must pay attention to delivering the taxes which should be delivered to the state treasury. Those problems which have been uncovered during the survey should be solved in a serious, conscientious and realistic manner. Illegally gained money, evaded taxes, and illegally retained state funds should all be recovered and delivered to the state treasury. As for those units which have evaded taxes in a serious manner, have refused to conduct a conscientious self-examination, resisted the specialized examination, and even have adopted fraudulent measures, not only should severe

economic punishment be imposed on them, but the related leaders and persons should also be called to account. Even more severe punishment should be imposed on those who knowingly violate discipline and commit mistakes in the course of the survey.

In his speech, Comrade Ma Shizhong also set forth specific demands on the summing-up and acceptance tests for the general tax survey.

/12913

CSO: 4006/436

FINANCE AND BANKING

HEILONGJIANG: TELEPHONE CONFERENCE ON TAX, FINANCIAL SURVEY HELD

SK120423 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 11 Dec 85

[Excerpts] On the morning of 11 December, the provincial government held a telephone conference to analyze the province's work situation in conducting a general survey on tax, finance, price, and foreign exchange, calling on all departments to further solve the ideological problems in the course of the general survey, to improve the quality of the survey, and to speed up its progress. At present, the province's survey among key enterprises is being comprehensively carried out. By the end of November, a total of 235 million yuan of illicit money, of which 165 million yuan should be returned to the state treasury were discovered in the province. So far, some 97 million yuan has been repaid to the treasury, accounting for 58 percent of the amount of illicit money which should be restored to the treasury.

At the conference, Vice Governor Liu Zhongli, in view of the problems in the current general survey, called on the various localities and departments to resolutely implement the guidelines of the directive of the State Council, enhance their understanding, strengthen leadership and their confidence in the general survey, and eliminate the entirely erroneous ideas of waiting for and leaving things to chance. It is necessary to improve the quality of the survey, accelerate its progress, focus our work on organizing personnel and setting time for inspecting the key enterprises, concentrate professionally-competent backbone cadres on investigating key large enterprises, share the responsibility, and discover and eliminate the untouched corners. The banks at all levels should take charge of inspecting those enterprises undertaking capital construction projects by contracts. The industrial and commercial administrative departments should take charge of inspecting some farm product markets and individual households to see how they implement the pricing policies. The tax, financial, pricing, industrial, and commercial departments should share their work and cooperate with one another, and deeply inspect the [word indistinct] companies and centers. The provincial general survey office has made arrangements for inspecting some provincial-level departments and bureaus. We should make overall planning, handle in a timely manner all discovered illegal cases, and immediately handle some major and appalling cases in public.

/12913
CSO: 4006/436

FINANCE AND BANKING

BRIEFS

RECOVERED CURRENCY INCREASES--Guangzhou, 10 December (Zhongguo Xinwen She)--
The amount of recovered currency in Guangzhou between January and November 1985 totalled over 940 million yuan, an increase of more than 500 million yuan over the same period in 1984. Between January and November 1985, financial revenues in cash in Guangzhou increased by a comparatively large margin compared with 1984. The income derived from commodity marketing increased by 34 percent, the income derived from the service trades increased by 54 percent, and the income derived from urban and rural savings deposits increased by 62 percent. Guangzhou has also adopted measures to control the investment in capital construction and the scope of credit, in order to reduce monetary supply. In 1985, 131 items of irrational loans totalling more than 440 million yuan have been checked. [Text] [Beijing ZHONGGUO XINWEN SHE in Chinese 0247 GMT 10 Dec 85 HK] /12913

SHANGHAI DELINQUENT PAYMENTS--According to the Municipal Agricultural Bank, by the end of September, rural enterprises in the suburbs had aggregated delinquent payments of over 600 million yuan, or nearly 100 percent more than the same period last year. Of this amount, 62 percent were delinquencies of state-owned businesses in Shanghai. Because of the enormous amount, the enterprises' year-end distribution as well as their normal need of circulating funds have been seriously affected. For this reason, the rural enterprises appeal to leading authorities concerned in Shanghai to urge the relevant state enterprise to pay their delinquencies as quickly as possible. [Text] [Shanghai CITY SERVICE in Mandarin 2300 GMT 20 Nov 85 OW] /12913

CSO: 4006/436

MINERAL RESOURCES

SHAANXI'S MINERAL RESOURCES

Beijing ZHONGGUO DIZHI [CHINA GEOLOGY] in Chinese No 8, 13 Aug 85 pp 21-22

[Article by Dong Yingbi [5516 2503 4310] of the Shaanxi Province Geology and Mineral Bureau: "An Outline of Shaanxi's Mineral Product Resources"]

[Text] Some 86 types of mineral resources had been discovered in Shaanxi Province by 1983. There are proven reserves of 61 types and more than 500 sources, including 104 large and medium scale deposits. An analysis of proven mineral resource reserves in combination with mineralization geology conditions and the degree of geological work shows that Shaanxi Province has rather abundant energy resources, certain advantages in nonferrous metals and precious metals, and fairly good non-metallic mineralization conditions. Metallic and non-metallic minerals have been developed and utilized gradually as socialist construction has developed, but the degree of development and utilization is rather low. Although there are fairly large reserves of some types of mineral resources such as mercury and antimony ore, they have not been developed and utilized. The prospects are good for some types of minerals, but there is inadequate geological work, so planning and construction cannot proceed in a timely manner.

I. Energy Resources

1. There are rich coal resources with proven reserves that are third highest in China, and there are 3.9 billion tons in proven reserves in producing mines and mines under construction. The coal types are mainly low metamorphic jet coal, unbonded coal and weakly bonded coal, followed by lean coal and low-grade coal, and there is a shortage of rich coal and anthracite. Coal types in Shaanxi are mainly power coal, which is rather favorable for development of the energy resources industry.

2. Northern Shaanxi was one of China's earliest petroleum discovery sites. After Liberation, nine small oil fields were discovered in the Guanzhong [central Shaanxi] and northern Shaanxi regions at Wuqi, Zhiluo and so on, as were a number of small oil and gas sites. Recently, new oil-bearing strata were discovered in the bottom part of the Yan'an suite of the Jurassic system in the Yuheng region and at the top of the Yongping suite of the Triassic series. Shaanxi also has some prospective reserves of oil shale formed in the late Triassic that are continental facies sediments with a mineralization layer varying from 0.75 to 24 meters and an oil content of 5 to 9 percent. It has not been utilized yet.

There are certain prospects for coal-formed gas throughout the Carboniferous and Permian coal fields in Shaanxi, and they await further surveys and evaluation.

3. Analysis of geological and structural conditions indicates that the conditions for geothermal energy resources exist in the Mesozoic and Cenozoic fault-subsidence basins in Guanzhong and southern Shaanxi. Some underground hot water outcrops are found along piedmont zones of renewed fracture activity. Five preliminary geothermal zones have been demarcated in the Guanzhong Basin. They cover an area of about 870 square kilometers, and hot springs have been found at more than 20 sites. Four hot spring sites have been discovered in the piedmont zone at the northern margin of the Hanzhong Basin in southern Shaanxi. Geothermal energy resources can be developed for industrial and agricultural uses.

II. Nonferrous Metals and Precious Metals

Shaanxi has 11 types of proven nonferrous and precious metal minerals. There are 76 sites, 34 of them are large and medium-scale ore deposits. Shaanxi is second nationwide in mercury ore reserves and third in molybdenum ore, and it also occupies an important status in gold and silver.

1. Jinduicheng is China's second largest molybdenum deposit, and refined molybdenum ore output is highest nationwide. The Dashigou molybdenum-rhenium deposit is a large comprehensive mineral deposit that contains trace elements, including rhenium metal reserves that are the largest in China.

2. Silver, lead, zinc and other metals. There are many silver and lead metal deposits at Yintongzi. They cover a large area, are of good quality and can be dressed easily. If communications conditions can be solved, this could become a fairly important silver mine in China. The strata-controlled lead and zinc mineral zones in the Fengxian-Taibai region have already-controlled reserves of more than 2 million tons. Communications, hydropower and other external conditions in the region are favorable. It could become one of China's primary nonferrous metal industry base areas with a focus on lead and zinc.

3. There are many types of metal ores that are broadly distributed, have deposits that occur on a large scale and have rather substantial prospects for development. The Xiaoqinling region (which includes western Henan) contains gold-bearing quartz vein-type gold ore. The grade is rich, the scale is large and extraction is easy. Gold output now has become the largest in China. The Han Jiang basin's placer gold ore deposit is among China's largest placer gold deposits. Furthermore, some breakthroughs and new discoveries have been achieved through geological work on the strata-controlled gold deposits in Devonian system albitophyre and breccia at Zhongtailing, the primary gold in basic volcanic rock and carbonatite in the Mianxian and Lueyang areas, and the placer gold ore in the upper reaches of the Jialing Jiang. Gold ore in Shaanxi's Qinba region will assume an important position in China.

4. Proven mercury ore reserves are second only to Guizhou Province, and analysis of the mineralization conditions indicates that the prospects are considerable. Exploration of the western end of the Gongguan—Huilong ore

field at Dianyang [as published] in southern Shaanxi has been concluded. Work on the enormous mercury deposit at the eastern end is underway and there are prospects above the western end. Moreover, there are areas of prospective mineralization around the perimeter of the ore field.

There are six large and small-scale antimony deposits. They are of two types: the mercury-antimony type and the purely antimony type, and they are distributed mainly in the Shangxian, Danfeng, Shanyang and Dianyang regions.

III. Ferrous Metals

1. Iron ore is distributed primarily in Hanzhong and Shangluo Prefectures. There are nearly 500 million tons of reserves, most of it low-grade ore, but the distribution is fairly concentrated. The Daxigou iron deposit at Zhashui with proven reserves of 300 million tons is an example. Changes in transportation conditions would make mine construction possible. There are 150 million tons of iron ore reserves in the Mianxian-Lueyang-Ningqiang region and mines already exist to extract it. The key lies in improved management and administration, rational development and improved economic results.

2. There are three main sites of manganese production and proven reserves exceed 7 million tons. The manganese deposit at Lijiayi in Hongzong is sedimentary metamorphic manganese ore, mainly braunite. There is a manganese carbonate ore stratum on the upper plate of the Tiantai Shan phosphorous ore strata at Hanzhong that reaches a maximum thickness of 21 meters. The maximum manganese content is 29.57 percent and the ore body occurs on a large scale. Continuity is good and it assumes a strata or lenticular shape. The primary ore rock material is reddingite, rhodochrosite and manganese-containing dolomite. If dressing and refining problems can be solved, Shaanxi's manganese ore reserves could be a major breakthrough.

IV. Non-metallic Mineral Products

Shaanxi has certain advantageous non-metallic ore products with proven reserves at the present time, mainly phosphorous, glass raw materials and casting sand (quartz), cement and chemical limestone, asbestos, gypsum, fluorite, barite and so on. There are certain prospects for amorphous fire-resistant materials needed in industry (andalusite, sillimanite, cyanite), surface fill rock material for construction and so on.

1. Shaanxi Province has the largest proven reserves of phosphorous ore in the five northwestern provinces. It occupies an important position in the phosphorous-short northern provinces. Two large deposits, three medium-sized deposits and eight small deposits already have been proven. Shaanxi is self-sufficient in and has a surplus of phosphorous resources. There are two main types of phosphorous ore. One type is sedimentary phosphorite. The other type is apatite that was produced in ultrabasic rock. There is one large deposit of the latter. The raw ore grade is only 3 to 4 percent, but it is easy to dress and the grade of the refined ore could reach 29 percent, and open-pit extraction is possible on a large scale.

2. Quartz, the raw material for glass, is distributed mainly in the Bao He—Yagu Shan area in Hanzhong. It is sedimentary shallow metamorphic quartz ore that is of good quality and covers a large scale, and it can be extracted in open pits. Construction of a large mine can satisfy demand within Shaanxi as well as provide assistance to neighboring provinces.

3. Shaanxi has abundant cement and chemical limestone resources of good quality. The zones of limestone distribution in Weibei in Guanzhong have adequate coal and electricity resources as well as good communications and extraction conditions. There is a substantial disparity between yearly cement output in Shaanxi compared with the province's superior resource conditions and construction needs. Planned utilization of chemical limestone is urgent and we also should strive to develop the necessary geological prospecting work to determine the overall prospects and scale to facilitate rational planning and utilization.

4. There are over 200 million tons in proven reserves of gypsum ore at Walizi in southern Shaanxi, the quality is good and communications are convenient. Full use should be made of this resource advantage to change the situation of Shaanxi's long-term dependence on gypsum from other provinces.

5. Shaanxi has abundant barite resources, with proven reserves that are third highest in China. Sedimentary barite deposits occur on a large scale in southern Shaanxi's Ankang Prefecture. There are more than 10 million tons of reserves in the Shiti deposit now being prospected and communications and transportation conditions there are favorable. It should be exploited as soon as possible.

Geological work in Shaanxi Province has developed rather substantially and there are favorable mineralization conditions in the Qinba region, so there is substantial resource potential. The prospects are rather good in exploration for nonferrous, trace and precious metals and for nonmetallic resources and they are in great demand by the state. The pace of geological survey and prospecting work should be accelerated. It can be predicted that major breakthroughs in basic geological and mineral exploration work will occur as the degree of geological research improves and that inevitably there will be new discoveries and even greater progress in mineral product resources in the Qinba region of Shaanxi.

12539/12859
CSO: 4013/184

MINERAL RESOURCES

BRIEFS

SHANDONG MINERAL PRODUCTION--During the Sixth 5-Year Plan period, the Shandong provincial minerals departments comprehensively overfulfilled the state-assigned plan and scored fruitful geological achievements. During this period the province overfulfilled the state plan for verifying gold reserves by 70 percent. The state plans for verifying the reserves of gold, silver, copper, iron, graphite, cement, and limestone were overfulfilled by 20 to 160 percent. The No. 1 geological team discovered two large gypsum mines in Taian and Pingyi Counties, one of which has a total reserves of 30 billion tons.
[Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 11 Dec 85 SK] /12913

CSO: 4006/436

INDUSTRY

BEIJING OFFICIAL ON CHANGES IN INDUSTRY

OW051919 Beijing XINHUA in English 1652 GMT 5 Dec 85

[Text] Beijing, 5 Dec (XINHUA)—There have been great changes in the structure of Beijing's urban and rural industry during the sixth five-year plan period (1981-1985), an official of the Beijing City Government told XINHUA today.

The changes have been made along the line set out by the Central Committee of the Communist Party of China for municipal construction of the capital city, the municipal authorities said.

The major changes are:

--service trades have boomed, with earnings making up 33.7 percent of the total value of the city's annual output of goods and services.

The city has had 80,000 shops, repair centers and service undertakings, 3.4 times higher than 1980's figure. Over the past five years, the city has built or rebuilt more than 3,000 hotels, adding some 240,000 beds, 2.9 times the figure for the previous five years. The number of taxis running on the streets has come to 11,000.

--the food and electronic and other high-tech industries have developed fast. The output value of light industry accounts for 44 percent of the city's total industrial output value as against 30 percent five years ago.

During the past five years 150 polluting factories have removed to other places, switched over to other lines of production, merged with others, or closed down. And the total industrial output value has increased 7.8 percent annually since 1980.

--the rural economy has been diversified. Grain production for both last year and this was 2,150,000 tons. And the output of eggs, milk, fish and fruit has also increased markedly. The output value of rural enterprises

accounts for 70 percent of the total output of goods and services on the outskirts as against 53 percent five years ago. The total agricultural output value increased from 1.77 billion yuan in 1980 to 4 billion yuan this year.

However, Beijing residents still suffer from shortage of supply of amenities, such as transport and telephone services, the official said. The service industry will still be the focus of development over the next five years.

/9738

CSO: 4020/134

INDUSTRY

PRC PAPER ON PROSPECTS FOR TOURIST INDUSTRY

HK130403 Beijing JINGJI RIBAO in Chinese 6 Dec 85 p 1

[Commentator's article: "There Is a Bright Future for the Tourist Industry"]

[Text] The tourist industry is a comprehensive undertaking, involving such aspects as politics, economy, science, and culture. Developing the tourist industry will not only be helpful to the spreading of culture, making a wide range of friends, and enhancing China's reputation, but also to promoting urban and rural construction and stepping up the pace of beautifying our motherland. At the same time, developing the tourist industry will promote consumption and production, provide a higher employment rate within the country, increase foreign currency income, make China's socialist economy thrive, and step up the pace in the four socialist modernizations.

China's practice in recent years has proved that the tourist industry has bright prospects. Whether it is travel agencies and hotels for tourists, or taxi and yacht companies, they are all trades with low investment and a short investment cycle, making good profits and increasing foreign currency income. Between 1978 and 1985, the state has invested a total of 650 million yuan in the tourist industry, bringing in more than \$5.58 billion worth of foreign currency during the same period.

Based on the forecasts of relevant departments, the number of foreign tourists could be as high as 10 million by the end of the century, which would bring in \$10 billion in foreign currency for the state. This is an important channel for the state to create foreign currency income.

The general trend in the world tourist industry is continuous growth. In 1984 alone, the world figure for tourists was 300 million and the income derived from the international tourist industry was as high as \$100 billion. The tourist industry is becoming the most stable and important economic activity in international ties. Although China's tourist industry accounts for a very small proportion of the world tourist industry and foreign tourists coming to China account for only less than 1 percent of the total world tourist figure, China has rich tourist resources, including natural, historical, and cultural resources, some of which have already been developed, and others the development of which have been begun. The potential for developing the tourist industry is tremendous. Therefore, as soon as we are determined to grasp it, giving our attention to the synchronous development of relevant

trades, particularly communications, such as civil aviation, railroads, and highways, as long as we are ready to exert our efforts and to make investment in it, building up tourist areas with some emphases in a planned way, stepping up the pace in training qualified people for the tourist industry, and continuously improving management and the quality of service, China's tourist industry will certainly undergo comparatively great development, and will certainly bring in more foreign currency income.

/12913
CSO: 4006/429

INDUSTRY

CHINA'S SLUGGISH AUTOMOBILE MARKET TAKES FAVORABLE TURN

HK031553 Beijing ZHONGGUO XINWEN SHE in Chinese 0657 GMT 29 Nov 85

[Text] Beijing, 29 November (ZHONGGUO XINWEN SHE)--This reporter has learned from the China Automobile Marketing Service Company that by 20 November, the seven main automobile enterprises, which account for two-thirds of China's total automobile output, have already sold 240,000 motor vehicles this year. The sales volume in October increased by 30 percent over September. The sluggish sales of motor vehicles which began at the end of May of this year are now taking a turn for the better.

As a result of government controls over credit, the "motor craze" in China which had lasted for 3 and 1/2 since 1982 has now started to cool down beginning in June of this year. The overstocking of imported vehicles was more serious than that of China-made vehicles. Consequently, the poor quality and inferior brand China-made vehicles sustained tremendous losses.

Now the price of China-made vehicles has begun to drop. The price of each Jiefang brand trucks has dropped from 38,000 to 32,000 yuan and that of Huanghe brand trucks has dropped from 63,000 to 48,000 yuan. It has been reported that the price of overstocked imported vehicles will also drop by a big margin, which will further affect the sales of China-made motor vehicles.

The current sluggish motor vehicles market does not mean that the use of vehicles has reached a saturation point in China. The motor vehicles possessed by civilians in China total 2.88 billion, which is far from meeting the demand. The reasons for the sluggish market include state controls over credit, unreasonable prices of motor vehicles, a short supply of gasoline in China, imports of large numbers of motor vehicles, and an excessive exaction of charges by certain units.

Now the name brand China-made motor vehicles, including Jiefang, Dongfeng, and Beijing model 130, sell well on the domestic market.

China has manufactured 340,000 motor vehicles in the first 10 months of this year. The output is expected to reach 402,000 by the end of the year. It is estimated that the overstock will last until the end of the first quarter of 1986.

/12913
CSO: 4006/429

INDUSTRY

JIANGXI DEFENSE INDUSTRY MEETS SOCIAL DEMANDS

OW132150 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 12 Dec 85

[Text] During the Sixth 5-Year Plan period, the provincial office of science, technology, and industry for national defense has earnestly implemented the policy of readjusting the national economy and combining defense and civilian industries, persistently implemented reforms, and kept forging ahead. A good tendency of steady, stable, and all-round development has emerged in the production of the province's locally run defense industrial enterprises.

During the five years, the defense industry's output has risen at an average annual rate of 21.8 and profits at 89.2 percent. This year's annual profit plan was overfulfilled by 12.7 percent a month ahead of schedule.

Despite a 70 percent drop in assigned production of military supplies, the province's locally run defense industrial enterprises have implemented the policy of combining defense and civilian industries and have worked hard to readjust the production structure. In the past five years, they have raised more than 70 million yuan for investment in technological renovations. They have developed nearly 100 new products in the following five major categories to meet social needs: electric machinery, home electric appliance, electronics products for civilian use, metal tools, and civilian telecommunications equipment.

Carrying out technological renovation among enterprises, the focus on improving product quality is another feature of the provincial office of science, technology, and industry for national defense's work in transforming enterprises. During the Sixth 5-Year Plan period the province's locally run defense industries, which registered profits for years running, did not rest content with immediate benefits. Instead, they had the long-term interest in mind and actively applied new technology and introduced new equipment to upgrade product quality. In the five years they have introduced more than 30 new technologies including nickel-iron electroplating, high-frequency welding, controllable silicon intermediate-frequency power source deduction heating, new-type refrigerant, and electronic computer. Some 36 products of these enterprises have been named quality products by the state, relevant ministries, and the provincial authorities. The quality stability rate of major products have remained at 85 percent or higher.

/12913
CSO: 4006/429

INDUSTRY

BRIEFS

GUANGDONG TEXTILE INDUSTRY--The province's textile industry has achieved synchronous increases in its growth rate, economic efficiency, and submitted profits and tax. The output value of the province's textile industry from January to September this year amounted to 2.4 billion yuan, an increase of 35.63 percent over the same period last year. The profit and tax of state-run textile industrial enterprises for the period increased by 46.43 percent over the same period last year, higher than the national average. The textile exports of the province from January to September this year amounted to 260 million yuan, an increase of 19.15 percent over the same period last year. [Summary] [Guangzhou Guangdong Provincial Service In Mandarin 0400 GMT 10 Dec 85 HK] /12913

SHANGHAI TEXTILE INDUSTRY--Shanghai's textile industry has been growing steadily during the Sixth 5-Year Plan. Tax and profits delivered to the state by the industry during the period totalled 15.9 billion yuan. During the Sixth 5-Year Plan, its total output value increased at an average rate of 2.95 percent annually and its textile goods export earned a foreign exchange income of more than 6 billion yuan, accounting for 40 percent of the city's total foreign exchange income from foreign trade. [Summary] [Shanghai City Service in Mandarin 2300 GMT 30 Nov 85 OW] /12913

SHANGHAI BULK CARGO SHIP--Shanghai, 29 November (XINHUA)--A 39,000 ton bulk cargo ship, SS Pingan No. 1, was launched at the Jiangnan Shipyard today. The freighter, the first of its kind built in China, is 195 meters long, a beam of 28.4 meters, and 15.8 meters draught. More than 90 percent of the ship was Chinese-built, including the diesel engine, generator, crane, deck cover, and other major facilities. [Text] [Beijing XINHUA Domestic Service in Chinese 1509 GMT 29 Nov 85 OW] /12913

SHANDONG CHEMICAL INDUSTRY--Shandong Province has vigorously developed its chemical industry during the Sixth 5-Year Plan period. It is estimated that the chemical industry output in 1985 will be valued at 3.5 billion yuan, an increase of 40.85 percent over 1980, showing an average annual increase of 7.1 percent. All 18 major products will reach the targets set in the Sixth 5-Year Plan. During the Sixth 5-Year Plan period, the profits and taxes generated by the chemical industrial enterprises will be 2.465 billion yuan, an increase of 81.9 percent over the Fifth 5-Year Plan period. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 6 Dec 85 SK] /12913

INTERNATIONAL STEEL CONFERENCE--Beijing, 4 Nov (XINHUA)--The 1985 international academic conference on high-strength, low-alloy steel opened in Beijing on 4 November. Sponsored by the China Metals Society, the conference draws some 300 experts and scholars from China, the United States, Japan, the USSR, the FRG, and 15 other countries. [Summary] [Beijing XINHUA Domestic Service in Chinese 0804 GMT 4 Nov 85 OW] /9738

HUNAN SECOND LIGHT INDUSTRY--In reform of the economic structure, some 800 enterprises of the Hunan provincial second light industrial system have increased their output value by some 150 million yuan and profits by some 10 million yuan. Thus, the second industrial system has achieved relatively good economic results. [Summary] [Changsha Hunan Provincial Service in Mandarin 1100 GMT 3 Dec 85 HK] /9738

CSO: 4006/446

CONSTRUCTION

FUJIAN CONDUCTS NUCLEAR POWER FEASIBILITY STUDY

HK130553 Hong Kong SOUTH CHINA MORNING POST in English 13 Dec 85 p 11

[Text] Fujian province has started a preliminary feasibility study into the construction of a nuclear power plant although it is clear there will be no money for such a project until the next decade.

Mr Zhang Ruiyao, deputy director of the Planning Commission of Fujian Province, said: "We have formed a group of experts to look into the project but in view of the financial situation, it is believed we cannot go ahead with it in the Seventh Five-Year Plan which starts next year."

The probable site of the plant is in Quanzhou but it has not been finalized, another official said.

Mr Zhang said electricity shortages in the province average 10 percent--refuting some press reports which put the figure as high as 30 to 40 percent.

He said a main problem is an over-reliance on hydro-electric power in the past which has resulted in power shortage during dry winter seasons.

Currently up to two thirds of the power supply comes from hydro-electric plants. The rest comes from coal-fired plants and this is considered unsatisfactory, said Mr Zhang.

The power problem has become more and more acute following the opening of the province five years ago. But now the province is determined to change its imbalance of power generation by building several coal-fired and oil-fired power plants.

But again there could be problems too. A latest example is an oil-fired plant in Mawei which is near Fuzhou, the provincial capital. It was built by French engineers to serve the developing Mawei Economic and Technological Development Zone.

French experts involved in the project said the Chinese wanted the plant to operate in a very short time and so a small-scale oil-fired station was erected. But when the plant was completed, the provincial authorities found they were unable to buy fuel.

Nevertheless, the authorities are determined to boost electricity supplies to the province and are planning at least three other plants in addition to the Mawei project.

According to Mr Zhang, the power generation in Fujian last year was 6.75 billion kilowatts (units).

(Hong Kong with a quarter of the population of Fujian used about 15.3 billion units in 1984).

/9738

CSO: 4020/134

CONSTRUCTION

OPEN COUNTY IN FUJIAN BEGINS CONSTRUCTION

HK150834 Beijing ZHONGGUO XINWEN SHE in Chinese 0215 GMT 12 Dec 85

[Text] Fuzhou, 12 Dec (ZHONGGUO XINWEN SHE)--At present, the construction of five infrastructure projects is in full swing in Fujian Province's Dongshan County Development Region.

These five projects are: the construction of a dock with two 3,000-ton berths; the erection of a high-tension power transmission line of 110,000 volts from Zhangzhou to Dongshan; the construction of a waterworks with a daily output of 10,000 metric tons; the construction of a special petroleum dock with a 1,000-ton berth; and the erection of an eight story top quality tourist guesthouse, the Huafu Hotel. At the same time, preparations have begun for the installation of 1,200 automatic telephones. A plan is being drawn up on the construction of a silicon mine with an annual output of 300,000 metric tons.

Dongshan County is situated at the southern end of Fujian Province. It has marine transport facilities that link it with Xiamen and Fuzhou to the north and Hong Kong and Macao to the south. Across the sea lies Taiwan. The total area of the island of the county is 197 square kilometers and the population totals 160,000 people. The county is the second largest island of Fujian. Last February, Dongshan County got approval from the State Council to be one of the first counties that is to be opened to the outside world.

/9738

CSO: 4006/446

CONSTRUCTION

JIANGSU SPEEDS CONSTRUCTION OF KEY PROJECTS

OW160918 Beijing XINHUA in English 0709 GMT 16 Dec 85

[Text] Nanjing, 16 Dec (XINHUA)--A cement plant with an annual production capacity of one million tons will go into operation in Xuzhou, in Jiangsu Province, this month.

The Huaihai cement plant is one of the 13 national top priority projects being built in Jiangsu, a provincial official said today. China has listed 169 such key projects during the sixth five-year plan, which ends this year.

The Yangtze ethylene works is being built in the provincial capital of Nanjing. The 4.7 billion yuan project will have 10 plants, including one to produce 300,000 tons of ethylene and a plant to produce 450,000 tons of aromatic hydrocarbon a year. The works, using imported technology and equipment, will be completed in 1989.

Part of the petrochemicals will be supplied to the nearby Yizheng chemical industrial company which, scheduled for completion in 1987, will produce 240,000 tons of polyester staple fibers and 152,000 tons of polyester chips annually.

The works and the company will manufacture seven billion yuan worth of products a year, the official said. Seven of the 13 key projects involve transport and energy, priority sectors in the country's economic construction, he said.

Work is under way to dredge and renovate the 1,794 km ancient grand canal between Beijing and Hangzhou, to ship an extra ten million tons of coal a year to the energy-deficient south. The Lianyuangang Port is being expanded and the Xinshengwei Harbor is being built at Nanjing, the official said.

/9738

CSO: 4020/134

CONSTRUCTION

BRIEFS

EXPANSION PROJECTS COMPLETED--The expansion projects for the Dalian, Dandong and Changchun airports were all completed by a certain engineering corps of the Shenyang PLA Air Force and were formally put into operation by the end of October. Before expansion, these three airports could only handle the landing of small AN-24 airliners. After expansion, they can handle the landing and takeoff of large airliners. After being examined and tested by the PLA Air Force, the Shenyang PLA Air Force and the relevant departments of the Civil Aviation Administration, all three airports were proven to be up to qualified standards. The rate of good quality projects for two airports reached 100 percent and the other reached more than 94 percent. [Text] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 6 Dec 85 SK] /9738

SHAANXI JING HE BRIDGE--Xian, 13 Dec (XINHUA)--A concrete bridge spanning the Jing He, has been built in Binxian county, Shaanxi Province. The bridge, located at the former site of the Huoshi Ferry, is nearly 700 meters long, with a two-lane roadway. This bridge has ended the age-old situation where ferry was the only means of transport between Weibei and Longdong Caoyuan. [Summary] [Beijing XINHUA Domestic Service in Chinese 0305 GMT 13 Dec 85 OW] /9738

SHAANXI RAIL ELECTRIFICATION PROJECT--Xian, 6 Dec (XINHUA)--The electrification project of the Mengyuan-Baoji Railway, which is a section of the Longhai Railway from Lianyungang, Jiangsu, to Lanzhou, Gansu, and a key state construction project in the sixth and seventh 5-year plans, begins construction today. This section is 291.5 km long and will be completed in 1988. Completion of this project will increase the annual freight transport capacity of this section from the present 19 million metric tons to 40 million metric tons. [Excerpts] [Beijing XINHUA Domestic Service in Chinese 1415 GMT 6 Dec 85 OW] /9738

XINJIANG RESIDENTIAL HOUSES--During the Sixth 5-Year Plan period, construction of residential houses in Xinjiang's cities and towns developed rapidly. The per capita housing area was 5.6 square meters, 1.07 square meters higher than the target and higher than the standard per capita housing area in large and medium cities in the country. During the period, the region invested a total of 1.88 billion yuan on building residential houses and

built a total of 14.6 million square meters of residential area, increases of 170 percent and 87 percent respectively as compared with Fifth 5-Year Plan figures. [Summary] [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 13 Dec 85 HK] /9738

HAI HE SLUICE GATE--Construction of the No. 2 Hai He sluice gate--one of the municipality's major construction projects--has been successfully completed. Yesterday morning the municipal government held a ceremonious victory meeting at the No. 2 Hai He sluice gate. The newly constructed No. 2 Hai He sluice gate is located on the main channel of the Hai He in the eastern part of (Dongnigu) village in Nanjiao District. At 1000, Major Li Ruihuan cut the ribbon for the completion of the project amid warm applause, the beating of gongs and drums, and the explosion of firecrackers. [Excerpts] [Tianjin City Service in Mandarin 0030 GMT 8 Dec 85 SK] /9738

FUJIAN HIGHWAY CONSTRUCTION--According to ZHONGGUO JIAOTONG BAO [CHINA COMMUNICATIONS], during the sixth 5-year plan period, Fujian Province scored encouraging achievements in highway construction. The province now has 36,000 kilometers of highways, an increase of 3,400 kilometers over the last year of the fifth 5-year plan. Its highway density ranks second in the nation. [Summary] [Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 16 Nov 85 OW] /9738

JIANGXI POWER PROJECT--Nanchang, 3 Dec (XINHUA)--The second 125,000 kw thermal power generator at the Guixi Power Plant was put into operation on 1 December as part of Jiangxi's power grid. The Guixi Power Plant, with a total capacity of 500,000 kw, is under construction as a project in association with the development of copper production in Jiangxi. The whole project is expected to be completed in 1987. [Summary] [Beijing XINHUA Domestic Service in Chinese 0829 GMT 3 Dec 85 OW] /9738

FUJIAN'S RURAL CONSTRUCTION--Fujian's rural construction industry made rapid progress during the Sixth 5-Year Plan period. Its total income during the period topped 3.31 billion yuan, representing an average 142 percent increase in annual income since 1980. [Summary] [Fuzhou FUJIAN Provincial Service in Mandarin 1130 GMT 6 Dec 85 OW] /12913

BEIJING APARTMENT COMPLEX--Beijing, 14 Dec (XINHUA)--A foundation stone laying ceremony was held here today for a 50-story office and apartment complex. With a height of 170 meters, the Jingcheng complex, separated by a river from the embassy area in the east suburbs, will be one of the highest buildings in Beijing, a project official said. It will have a total floor space of 135,000 square meters upon completion in 1989. The China international trust and investment corporation plans to invest 80 million U.S. dollars in the building of the complex. [Text] [Beijing XINHUA in English 1525 GMT 14 Dec 85 OW] /9738

CSO: 4020/134

DOMESTIC TRADE

GUANGZHOU ESTABLISHES ECONOMIC LINKS WITH OTHER AREAS

HK110923 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 8 Dec 85

[Text] Guangzhou City has established extensive economic ties with urban and rural areas in the interior of China. By the end of September, foreigners had established more than 2,200 enterprises in Guangzhou. The city has reached agreement with 26 provinces, cities and regions throughout China for 1,970 projects on economic and technological cooperation, involving a gross investment of 1.52 billion yuan.

In April last year, the Guangzhou CPC Committee took the work of developing extensive economic ties as one of the six measures adopted for opening up and carrying out reforms. The committee clearly pointed out the goal of giving play to the city's role as the junction point for importing from outside and linking up with the hinterland. The principal leaders of the city CPC committee and government personally went to Shanghai, Guizhou, Sichuan, Xinjiang and so on to promote the establishment of extensive economic ties.

At present, Guangzhou has built 29 bases at various localities in other provinces for the supply of raw materials. This year, these bases have supplied the city with 180,000 tons of coal, 13,700 tons of pig iron, 74,300 tons of steel, 11,200 tons of aluminum and 15,500 tons of coking coal, thereby easing the city's worries about a shortage of raw materials for industrial production in the near future.

(Yazhou) Soft Drink Company established 15 branch factories in Xian, Beijing, Luoyang, Xinjiang and other locations and helped local areas produce soft drinks to meet market demands. According to statistics, from January to September, 655 projects of economic and technological cooperation that had been initiated brought a total gross output value of more than 206 million yuan to the city.

/12913
CSO: 4006/419

DOMESTIC TRADE

BRIEFS

LATERAL ECONOMIC COOPERATION DEVELOPS--Lateral economic cooperation in the three provinces of Northeast China and the four leagues and cities in Nei Monggol Region has been developed well. So far, some 4,397 cooperative items of various descriptions have been signed involving some 2 billion yuan. In addition, these cooperative items have brought a new output value of some 3 billion yuan. During the past few years, the scope of economic and technological cooperation in the northeast region has been gradually expanded and has begun to move in the direction of multilayered and multichanneled cooperation. The region as a whole has developed a great number of production cooperative units that have produced mainly brand-name and quality products; these units have large and medium-sized enterprises as their main body. The regional economic networks have been expanded every day. Cooperative associations between the urban and the rural areas, with large and medium-sized cities as their supporters, are being formed and developed. Our province has established three economic and technological cooperative associations--one composed of seven central cities, with Shenyang as the center, one composed of five coastal cities, with Dalian as the center, and one composed of four cities in the western part, with Jinzhou City as the center. These associations have played an active part in promoting economic progress in Liaoning. [Excerpts] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 10 Dec 85 SK] /12913

CSO: 4006/419

FOREIGN TRADE AND INVESTMENT

DAIRY PRODUCTION, PACKAGING TAUGHT BY SWEDISH COMPANIES

Stockholm DAGENS NYHETER in Swedish 30 Oct 85 p 11

[Article by Goran Leijonhufvud: "Chinese Milk in Blue and Yellow Packaging"]

[Text] Beijing. The residents of Beijing -- who nearly snort at dairy products -- will soon get to try yogurt and milk in blue and yellow cartons. Today, Wednesday, spokesman Ingemund Bengtsson is opening a Swedish-Chinese dairy training center outside of Beijing.

This is a new type of cooperation, a new type of export investment, for the Swedish enterprises. For the Chinese, it is a short-cut to assistance and know-how.

In the flat plain north of Beijing -- so dusty in the autumn --there has been a race against time and bureaucracy to get everything ready. But now brigade four of the Beijiao state farm is being turned into the "China-Sweden Dairy Training Center" [in English in original].

The dairy lies along the wide new road up to the Wall of China. It will show everything that one can do with milk. Not least important is the fact that it will show what Swedish machinery and Swedish know-how can do with milk, all the way from the cow to the shop.

The Swedish enterprises are making sure, through obvious signs on the equipment, that they will not be forgotten. There are key men in the Chinese dairy industry who will attend courses here, and the enterprises can openly mix advertisement and assistance -- which is fully accepted in today's commercial climate in China.

"Pleased and Satisfied"

"The point of the project is that all parties will be 'gaoxing' (pleased and satisfied)," said Swedish director Mats Nilsmo, using a newly acquired Chinese word.

The moving force behind the project is Professor Olof Claesson at the agricultural college in Ultuna.

The enterprises have donated almost all of the equipment, worth 10 million kronor. Five million are also coming from BITS, the Committee for International Technical Cooperation, for equipment and for the courses themselves.

Rationed Goods

"It is a small dairy, a dairy for teaching," said Mats Nilsmo. "It therefore also has machines and processes that are beyond China's present stage of development. It does not have the latest equipment."

This point in time may be well chosen. The Chinese have no tradition of milk production. So far, their attitude has been that milk is only something for small children and very old people. Milk is also rationed.

"But the dairy industry is now a priority sector," Mats Nilsmo said.

"The Chinese view it mostly as a question of food for children. Now, when they only have one child per family, it is even more important to them that this one child be well nourished."

The dairy can produce everything: milk, homogenized milk, yogurt, cream, ice cream, butter, cheese, and juice.

Pig Breeding Next

"Developing nutritional drinks could be interesting," Mats Nilsmo believed. "These could be products that do not even exist today, either in China or in Sweden."

If it is successful, the project can grow. Cooperation can be expanded to pig breeding, fodder production, and other branches.

The first course will be for dairy teachers, and then there will be several groups of dairy workers from all over the country.

Outside the new building, there is a large rust-brown tank. It is an example of the problems here. It is approximately 10 times too big, even though Mats Nilsmo sent the exact dimensions well in advance. And even if the dimensions had been in agreement, it would not have been a good idea to use it, since it had contained heavy oil.

"It is a difficult country to work in. It takes time, and one has to nag about everything," Nilsmo said.

Down on One's Knees

"The Chinese are doing their best the whole time. But they have problems with communications and transportation. We are learning a great deal about how they work, think, and plan. We can benefit from this in the future."

Mats Nilsmo and dairy chief Astor Lind have also had occasion to get down on their knees to show the young cleaners how to scrub the floor. The Chinese do not have the same requirements for cleaning as the Swedes.

But Nilsmo pointed out that the Chinese also have knowledge that we can benefit from. Their traditional methods are of interest to veterinarians, for example.



This is how one of the blue and yellow milk cartons that the residents of Beijing will get to buy looks. The enterprises that are involved in this activity are primarily Alfa-Laval, Kalmar Lagab, Hultstein, Z-Lift, LKB-Products, SMR (Swedish National Federation of Dairies), Wedholms, Tectator, Tetra Pak, and Volvo.

The full official name is the "China-Sweden Dairy Training and Product Development Center in Beijing."

9909

CSO: 3650/39

FOREIGN TRADE AND INVESTMENT

CHARTERED BANK REPRESENTATIVE IN XIAMEN INTERVIEWED

HK091016 Beijing ZHONGGUO XINWEN SHE in Chinese 1317 GMT 2 Dec 85

[Report by staff reporters Zhao Shengyu [6392 0524 3768] and Tian Di [3944 0966]: "The Chartered Bank Has Great Confidence in China--A Visit to the Chartered Bank's Representative Office in Xiamen"--ZHONGGUO XINWEN SHE headline]

[Text] Fuzhou, 2 December (ZHONGGUO XINWEN SHE--The British Standard Chartered Bank opened a representative office in Xiamen, China on 30 August this year. The office was temporarily set up on the fourth floor of Lu Jiang Guesthouse, which is located on the busy Lu Jiang Road, facing the beautiful Guland Island across the sea.

Guo Dexuan, 38, was appointed representative at the office. In good spirits, he told us as soon as he met us: The Chartered Bank headquarters in London has full confidence in China and hopes to set up branches in all the special economic zones. So far we have set up two branches, one in Shenzhen and the other in Shanghai; and three representative offices, in Beijing, Guangzhou, and Xiamen. We have already submitted to the Chinese authorities an application for upgrading our Xiamen representative office to a branch. The application is expected to be approved early next year.

Guo Dexuan said: As Britain sees it, the focal point of world economic development will shift to Asia in the next 10 years, and the most important area in Asia is China. Based on strategic considerations, the headquarters has made a decision to strengthen investment in China and promote the bank's business in the country. The Chartered Bank intends to set up representative offices in other areas of China. He added: "We executives support this point of view and will adhere to this policy adopted by the headquarters."

He told us: In order to implement this policy and expand business in China, the China business section of the Hong Kong Chartered Bank has been expanded into a very big and separate division. The bank's Singapore branch will also set up its own China section, and the London headquarters and the American branch may possibly set up their own China sections too. Then a global coordinated network will gradually take shape. Mr Brown, regional general manager of the Chartered Bank, visited Xiamen several times this year and witnessed the great improvement of the investment environment in the special economic zone--a new airport has been built; preparations for the construction

of a highway linking southern Fujian, southern Jianxi, and southern Hunan are underway; a convenient telecommunications network makes direct dialing telephone service possible between the city and other places in the world, including Hong Kong and the United States; progress has been made in port construction; and the construction of infrastructure is in progress. The general manager of the Chartered Group also got a good impression of Xiamen during this visit to the city in late October. As a result, the representative office was established within a few months.

We were told that at present the representative office's major tasks are to establish relations, make studies, cooperate with more than 2,000 branches of the bank in more than 60 countries over the world to probe into foreign businessmen's intention of investing in Xiamen, investigate the status quo of old enterprises in Xiamen and Fujian Province regarding their efforts to transform themselves through introducing advanced technology and equipment, assist these enterprises in promoting foreign trade, and provide them with business information. Guo has been very satisfied with the progress made in the past two months or so since he assumed office here, and he thinks people here are very helpful. The representative office has assisted the British city Cardiff, which has established sister city relationship with Xiamen, in studying the feasibility of building a Cardiff tourist village on the Xiamen coast. The office has also provided services to some businessmen from Hong Kong, Australia, and Southeast Asia who are making investments in Xiamen.

Guo Dexuan, a native of Quanzhou, went to Hong Kong in 1959. He disagrees with those who hold that the Xiamen Special Economic Zone is slow in developing. He said: "Xiamen has a fair industrial basis, a [word indistinct] port, and a university to produce qualified personnel. The crux lies in [word indistinct] the city is going to make preparations, tap the potential of old enterprises, and transform them. If Xiamen can make good preparations, I think the city is likely to surpass Shenzhen in the future. Development should not be too rapid, but should be effected step by step. Any hasty action may cause trouble."

Guo Dexuan pointed out: There has not been much publicity about the Xiamen Special Economic Zone. From its September issue on, the "CHARTERED MONTHLY NEWSLETTER" has been dedicating a special column to introducing the Xiamen Special Economic Zone to the world from different angles.

Guo Dexuan disclosed that the Xiamen branch of the Chartered Bank, if established by approval, would plan to recruit graduates from Xiamen University to work with the bank and to introduce a computer system so as to give an impetus to the modernization of local banking services. As part of the bank's effort to foster qualified personnel for Xiamen, outstanding staff members would be sent abroad to receive training.

Guo Dexuan told us frankly: "Of course we want to make profits, reasonable profits. But we are not going to run away as soon as we have made profits. I would like to work here for a few years more."

/12913
CSO: 4006/419

FOREIGN TRADE AND INVESTMENT

BRIEFS

ECONOMIC, TECHNOLOGICAL SERVICES OFFERED--Nanning, 10 December (ZHONGGUO XINWEN SHE)--In order to expand its economic trade abroad, Guangxi has set up an international economic and technological cooperation company today in Nanning. Lan Jianchao, former director of the construction commission of the Guangxi Autonomous Regional Government, is managing director and general manager of the company. Catered to the needs of foreign clients, he said, the company will contract construction projects abroad, provide technology and labor services, and run joint ventures. Economic circles abroad paid close attention to the Guangxi International Economic and Technological Cooperation Company even when it was being organized. So far, around 100 foreign businessmen have come to Nanning to hold trade talks with the company. Two companies from Hong Kong outstripped others and reached agreements with the company on labor service cooperation. [Text] [Beijing ZHONGGUO XINWEN SHE in Chinese 1222 GMT 10 Dec 85 HK] /12913

FUJIAN INVESTMENT PROMOTION MEETING--Jointly sponsored by the United Nations Industrial Development Organization and the Fujian Provincial Government, the Fujian Investment Promotion Meeting will open in Xiamen on 25 November. The secretariat of the meeting has formally started work at the Xiamen Guesthouse. Letters and cables from nearly 200 representatives abroad and in Hong Kong and Macao have been received, voicing their intention to attend the meeting. The meeting will let the world understand Fujian and Fujian understand the world, promote friendship, strengthen economic and technical cooperation between Fujian and the world, and explore new spheres and approaches for further cooperation. [Summary] [Fuzhou FUJIAN RIBAO in Chinese 21 Nov 85 p 1 OW] /12913

ZHEJIANG ECONOMIC COOPERATION--Zhejiang Province has made progress in forging economic ties with other localities across the nation, as well as with foreign countries in 1985. Since September 1984, the province has signed over 1,000 agreements and contracts with 28 provinces, municipalities, and autonomous regions, and with over 10 ministries and bureaus under the State Council and some national corporations and large backbone enterprises worth 500 million yuan. In foreign economic and technical exchanges and trade consultations, the province has received over 3,500 businessmen from more than 40 countries and regions. By the end of this September, agreements with foreign firms on setting up 45 joint ventures had been signed with a total investment of US\$167 million. Some 200 projects on importing advanced foreign technology and equipment have also been concluded. [Summary] [Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 23 Nov 85 OW] /12913

CSO: 4006/419

TRANSPORTATION

PRC TO BOOST USE OF TRANS-SIBERIAN RAILWAY

HK030347 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS supplement) in English 3 Dec 85 p 5

[Article by Paul Sham]

[Text] China will boost the use of the Trans-Siberian railway to transport goods to Russia and Eastern Bloc countries, a senior official of the China National Foreign Trade Transportation Corp (Sinotrans) said yesterday.

Sinotrans President Li Chuntian said the journey through the land bridge will take just half the time needed for the cargo to be shipped by sea to the Soviet Union.

The 35-year-old Sinotrans, which comes under the Ministry of Foreign Economic Relations and Trade, specializes in storage and transportation services.

China started using the Trans-Siberian Railway in 1980, transporting about 7,000 TEUS (20-ft equivalent units) a year. Volume this year is projected to rise to 10,000 TEUS, Mr Li said.

China's Seventh Five-Year Plan has called for a resumption of trade ties with Russia and other Eastern European countries.

Mr Li said China railway authorities have decided to buy flat cars to boost capacity next year and in 1987.

Talks on the flat-car deal are under way with a U.S. corporation.

China now sends its products by cargo train to border towns in Manchuria or Erlian, where they are then transferred to containers.

Mr Li said Hong Kong can also use the Trans-Siberian railway and benefit by the shorter transportation route after the flat cars begin service.

The land bridge is generally used by cities in inland China, such as Hunan.

Mr Li said Sinotrans will expand its sea network to Latin America and Africa, a move conforming with the government's policy to improve trade relations with countries in the two continents.

He also predicted the difficulties experienced by the shipping sector will not be over for another three years.

"Quite a number of old ships were scrapped," he said, "but quite a number of new ships were put into service as well."

He said this year is the worst for the industry.

China's shipping companies will only be slightly affected, Mr Li said. This is because no freight competition exists--exports are reserved for state shipping firms.

/9738

CSO: 4020/135

TRANSPORTATION

HUNAN LEADERS INSPECT DOUBLE-TRACKED RAILWAY TUNNEL

HK151042 Changsha Hunan Provincial Service in Mandarin 2300 GMT 12 Dec 85

[Text] Yesterday afternoon, Mao Zhiyong, Xiong Qingquan, Yu Haichao, and other leading comrades of the provincial CPC Committee and government inspected the Nanling Tunnel on the double-tracking project of the Hengyang-Guangzhou railway.

According to the introduction given by the authorities, the Nanling Tunnel measures 6,058 meters in length. After more than a year's work, the province has dug 5,000 meters with good quality. During the inspection, Comrade Mao Zhiyong said: The CPC Central Committee and the State Council decided to put into operation the double-tracking project of the Hengyang-Guangzhou railway ahead of schedule. This is a major event. For Hunan, this is a road to prosperity and invigorating the economy. The section of the Hengyang-Guangzhou railway that passes through the province measures 210 kilometers in length. After analysis, we have found that the most difficult task is the Nanling Tunnel.

Comrade Xiong Qingquan put forward three requirements for building well the double-tracking project of the Hengyang-Guangzhou railway. First, he hopes that the railway construction department will promptly accomplish the construction plans and project the possible difficulties. Second, the department should grasp the two civilizations. It must build well the railway and cultivate qualified personnel. Third, the department should grasp well the building of the organization. The key to fulfilling this rests with the leadership. Authorities at provincial, prefectural, county, and town levels must greatly support the work.

Yesterday morning, Mao Zhiyong, Xiong Qingquan, and other leading comrades also inspected the (Linyujiang) hydroelectric power plant at (Dong Jiang) dam. They encouraged the workers there to put the power plant into operation ahead of schedule, so as to meet the power supply needs for the electrification project of the double-tracked Hengyang-Guangzhou railway.

/9738
CSO: 4006/450

TRANSPORTATION

BELJING-QINHUANGDAO RAILWAY OPENS TO TRAFFIC

OW150734 Beijing XINHUA in English 0713 GMT 15 Dec 85

[Text] Beijing, 15 Dec (XINHUA)--A new double-track, electric railway from Beijing to the port city of Qinhuangdao opened to traffic today.

The 341-kilometer railway is linked with the Datong-Beijing electric railway to move coal out of Shanxi Province, China's leading coal producer, to Qinhuangdao for export or domestic use.

It is one of the country's major construction projects during the Sixth 5-Year Plan period (1981-1985). Construction work on the railway started in March, 1982.

The railways ministry said that the Beijing-Qinhuangdao electric railway is designed to carry 45 million tons of coal annually in the coming years and the capacity will increase to 70 million tons by 1990.

During the 1981-1985 period, China has built 2,522 kilometers of electric railways, bringing the country's total electric railway length to 4,200 kilometers.

Li Wenyi, director of the Electrification Engineering Bureau of the Railways Ministry, told XINHUA that more electric railways would be built during the Seventh 5-Year Plan period (1986-1990). By the end of this century, half of the country's rail freight would be carried by electric trunk railways, he added.

/9738
CSO: 4020/135

TRANSPORTATION

COMMUNICATIONS MINISTRY NOTES MORE ROADS, BRIDGES BUILT

OW141904 Beijing XINHUA in English 1854 GMT 14 Dec 85

[Text] Beijing, 14 Dec (XINHUA)--China has built 52,000 kilometers of highways and 15,000 bridges since 1981, the Ministry of Communications said today.

It now has a total of 940,000 kilometers of highways. Eight bridges, each exceeding 1,000 meters, have been thrown across the Yangze, Yellow and other major rivers during the Sixth 5-Year Plan period which ends this year.

The 1,937 kilometer Qinghai-Tibet highway, which snakes across the "roof of the world", has been asphalted, the ministry told XINHUA.

The total number of passengers handled by highways is expected to top 4.1 billion this year, and the figure for the annual volume of cargo transport will be 660 million tons.

The average Chinese now takes 1.5 times as many bus rides as in 1980, indicating increased economic and other activities, according to the ministry.

China now encourages through transport between provinces, in an effort to streamline highway cargo and passenger flows.

It has so far opened 2,300 inter-province through routes for passenger transport, handling a daily average of 450,000 passengers.

/9738
CSO: 4020/135

TRANSPORTATION

BRIEFS

GANSU HIGHWAY TRANSPORT--Highway transport has developed rapidly in the province in recent years. There are now more than 60,000 vehicles for civil use in the province, of which 48,000 are operated by non-transportation departments and more than 4,000 are run by individual operators.

[Summary] [Lanzou Gansu Provincial Service in Mandarin 1100 GMT 12 Dec 85 HK] /9738

GUANGXI HIGHWAY BRIDGE--Nanning, 7 Dec (XINHUA)--The seventh highway bridge spanning the Hongshui He in Guangxi was completed and opened to traffic on 6 December. The new bridge, called the Yantan Highway Bridge, is 314.6 meters long, and its roadway is 15 meters wide. It is a major subsidiary project in association with the construction of Yantan Hydro-power Plant, aimed at exploiting the water power of the Hongshui He.

[Summary] [Beijing XINHUA Domestic Service in Chinese 0745 GMT 7 Dec 85 OW] /9738

MAYOR ON TRAFFIC PROBLEMS--Shanghai Mayor Jiang Zemin made a televised speech on Shanghai's traffic problems at the Shanghai Television station this evening. Mayor Jiang pointed out: The peak transport season is already here. To ensure traffic safety and normal communications in the urban areas, measures must be taken to deal comprehensively with the root cause and symptoms of the city's traffic problem. Mayor Jiang put forward the following four requirements regarding the observance of traffic regulations: 1. Bicyclists and pedestrians must cultivate the good habit of observing traffic rules and paying attention to traffic safety. 2. Motorvehicle operators must strictly abide by traffic rules. 3. Personnel of industrial, transport, and municipal administrative departments and policemen of public security and traffic departments must continue to work hard in order to do an even better job in maintaining traffic order. 4. Special attention must be given to publicizing traffic rules until they are known to everyone in Shanghai. [Text] [Shanghai City Service in Mandarin 1100 GMT 4 Dec 85 OW]/9738

CHANGJIANG SHIPPING ADMINISTRATION--Wuhan, 8 Dec (XINHUA)--The 22 harbors on the Chang Jiang under the jurisdiction of the Changjiang Shipping Administration Bureau fulfilled the 1985 freight and passenger transport plans 34 days and 50 days ahead of schedule respectively. Since the Changjiang Shipping Administration Bureau separated the management of

harbors from that of shipping, all harbor wharves along the river have stopped serving only the Changjiang Shipping Administration Bureau's ships and started to serve thousands of vessels. As a result, the number of vessels sailing into and out of harbors has greatly increased. A number of wharves and freight yards built or expanded at all major harbors along the river, and the harbor loading and unloading machinery and modern communication equipment purchased with state funds during the period of the Sixth 5-Year Plan have started to produce beneficial results. The volume of freight handled by Nanjiang Harbor in January-November this year increased by more than 1.9 million metric tons over the corresponding period last year. [Article by correspondent Gui Huiqiao and reporter Luo Zhongzhang] [Text] [Beijing XINHUA Domestic Service in Chinese 0113 GMT 8 Dec 85 OW] /9738

ZHEJIANG'S NINGBO HARBOR--In addition to a multitude of harbor functions it can play, the Ningbo Harbor in Zhejiang is using a 220,000-ton-class offshore oil-unloading platform at Beilun Port. By mid-November, some 200 foreign vessels had called at Ningbo Harbor this year, half over 10,000 tons. The quantity of export goods handled more than double last year's [Summary] [Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 8 Dec 85 OW] /9274

NEW MONGGOL HIGHWAY BUILDING--During the Sixth 5-Year Plan period, Nei Monggol Region has made a rapid progress in building highways. By the end of this year, the total regional mileage of highways will reach 39,000 km, prefulfilling the target set by the Sixth 5-Year Plan. Now there are 3.3 km of highways for each 100 square kilometers of area, and 20 km of highways for each 10,000 persons. From 1981 to 1985 highways with a total length of 4,000 km have been built throughout the region. Of this figure 100 km are second-class highways; 600 km are third class; and 3,000 km are of fourth class. During these 5 years a total of 720 km of highways have been asphalted, and 64 large and medium-sized bridges with a total length of 7,200 meters have been built. [Summary] [Hohhot NEIMENGGUO RIBAO in Chinese 20 Nov 85 p 1 SK] /9274

CHONGQING CIVIL AIRPORT--Chongqing, 30 Nov (XINHUA)--Construction work on Chongqing City's Jiangbei Civil Airport, which will be equipped with modern facilities, started today. The first-phase major projects at the large airport include a 2,600-meter runway, a 12,000-square meter airport terminal building, a first-rate highway linking the airport and Chongqing City, and power and water supply facilities. The airport will be equipped with a modern navigational system, instrument landing system, and night flying lighting facility. It will be able to handle take-offs and landing of Boeing 707's, Boeing 747's, and other types of large passenger aircraft. [Text] [Beijing XINHUA Domestic Service in Chinese 1610 GMT 30 Nov 85 OW] /9274

CHANGCHUN-GUANGZHOU AIR ROUTE--A new nonstop air route between Changchun, Jilin Province, and Guangzhou, Guangdong Province, began service on 20 November. It only takes 3 hours and 45 minutes to fly from Changchun to Guangzhou by Boeing 737. [Summary] [Changchun Jilin Provincial Service in Mandarin 2200 GMT 28 Nov 85 SK] /9274

YUNNAN BUYS BOEING 737--Kunming, 11 Dec (XINHUA)--A Boeing 737-300 airliner was handed over here today to the Yunnan Provincial Airline Company by its U.S. makes. It is the first of two airliners the company has ordered from Boeing. The second will be handed over in February, according to a company spokesman. The Yunnan Company is the first local Chinese airline to buy Boeing planes. [Text] [Beijing XINHUA in English 1642 GMT 11 Dec 85 OW] /9738

RAILWAY TRANSPORT CAPACITY EXPANDS--Guangzhou, 17 Dec (XINHUA)--The Guangzhou Railway Administration increased its transport capacity to 67 billion ton-kilometers this year from 43.4 billion ton-kilometers in 1981, the administration officials said today. Officials attributed the increase to the drive to tap the potential and expand transport capacity, which started in 1982. To make the Beijing-Guangzhou trunk railway smoother, the administration has built converging facilities for the incoming and outgoing trains at a section linking Hunan and Guangdong Provinces, which used to be a bottleneck. At its own expense, the Guangzhou Railway Administration has updated its railway lines and imported advanced equipment. Since 1982, the administration has saved 200,000 tons of coal, 63,000 tons of fuel oil, 10.66 million kilowatt-hours of electricity and 47 million tons of steel. [Text] [Beijing XINHUA in English 0853 GMT 17 Dec 85 OW] /9738

CSO: 4020/135

HONG KONG

FINANCE SECRETARY DISCUSSES PEGGED FOREIGN EXCHANGE RATE

Hong Kong WEN WEI PO in Chinese 17 Oct 85 p 7

[Article: "Finance Branch Discusses Pegged Exchange Rate System; Hong Kong Government Will Not Make Revision--Criticizing Qi Lian Huo's Proposal As 'Lack of Common Sense' and Saying That There Is No Actual Need for Establishing Deposit Insurance System"]

[Text] Finance Secretary Bremridge stressed that there will not be any change in the current pegged exchange rate system and pointed out that the proposal put forth by Qi Lian Huo [4362 6647 3172], board member of the Jingtai [2529 3141] Investment (Asia) Ltd, day before yesterday about letting the public participate in HK\$-US\$ transaction at official rate was "ignorant" and "lack of common sense."

Qi Lian Huo proposed day before yesterday at an international investment seminar of the Hong Kong Management Personnel Association that letting the public participate in the operation of the pegged exchange rate system will greatly stabilize the interest rate in Hong Kong and narrow the gap of interest rates between Hong Kong and the United States and at the same time regulate the economy more expeditiously and effectively.

Bremridge yesterday told reporters after a luncheon sponsored by the same organization that the Hong Kong Government has the responsibility to safeguard the operation of the currency exchange system. He emphasized that the present link exchange rate system is very effective and the government has absolutely no intention to revise it in any way.

Bremridge said that he and Qi Lian Huo had been in constant touch discussing the exchange rate issue and that he had expressed to him more than once that there would be no change in the pegged exchange rate system in form. So he could not understand why Qi Lian Huo still put forth that proposal.

He indicated that "there is no advantage" in actually implementing Qi Lian Huo's proposal because the expenses of enforcing the proposal would be enormous and in the event of a financial crisis, the residents of the city would queue up to exchange U. S. dollars making the problem even difficult to control.

Touching on the establishment of the deposit insurance system, Bremridge indicated that there is no actual need because the foreign exchange fund is sufficient to cope with any changes.

Bremridge declared that the deposit insurance system requires several large banks to provide expenses in excess of 60 percent, which is unfair to these well-run institutions with fewer risks. However, he pointed out that the proposal on setting up a deposit insurance system will be discussed by the legislative council at the end of this year before a final decision is made.

The Finance Branch is extremely dissatisfied with the irresponsible and erroneous report that caused a fluctuation in the foreign exchange market for a time as a result of the rumor that the government would make a self-criticism on the pegged foreign exchange rate system.

12662/9190

CSO: 4006/193

HONG KONG

MAJOR HONG KONG BANKS SUPPORT KA WAH BANK

Hong Kong TA KUNG PAO in Chinese 10 Oct 85 p 4

[Article: "Hongkong And Shanghai Banking Corp and Bank of China Reiterate Continual Support for Ka Wah Bank--Price of Ka Wah Stock Nose-dives As Result of Rumors; Ka Wah Indicates No Need To Use Credit Reserve As Its Money Supply Is Plentiful"]

[Text] In an interview with a TA KUNG PAO reporter yesterday, the general manager of the Hongkong and Shanghai Banking Corp, Lei Xingwu [7191 5281 1889], emphasized that the news about the Hongkong and Shanghai Corp withdrawing its credit reserve for the Ka Wah Bank are pure rumors. The Hongkong and Shanghai Banking Corp will continue its support of Ka Wah. Huang Jianing [7806 1367 1337], secretary of the Ka Wah Banking Corp, indicated that the Hongkong and Shanghai Banking Corp and the Bank of China have supported Ka Wah Bank all along and that the bank has still not touched the credit reserve it obtained in June.

The rumor about the Hongkong and Shanghai Banking Corp withdrawing the credit reserve for Ka Wah Bank yesterday had caused a drop of Ka Wah stock from HK\$0.78 per share the day before yesterday to the lowest at HK\$0.66 and HK\$0.73 at closing time. At its lowest, it registered a drop of 15 percent. Lei Xing Wu said: "The news was completely inaccurate. It was a fabricated rumor. As announced in June, the Hongkong and Shanghai Banking Corp will continue its support for the Ka Wah Bank. We still keep the promise to supply the credit reserve."

When asked about his views regarding the recent development of the banking industry in Hong Kong, Lei Xingwu indicated that the Hong Kong banking industry had never come across a much worse hardship than the last one when problems surfaced in June this year in the Overseas Trust Bank and the Industrial and Commercial Bank. The problems, which actually culminated several years ago, came to light only recently. The Hong Kong Government has worked out a revision of the banking regulations, Banking Commissioner Hu Liyi [7202 4409 5030] will also tighten supervision over the banking industry. The banking industry should continue to develop steadily.

12662/9190
CSO: 4006/193

HONG KONG

KA WAH COMMISSIONER SCOTCHES 'RUMORS'

Hong Kong TA KUNG PAO in Chinese 10 Oct 85 p 4

[Article: "Ka Wah Performs Quite Well in Business, Says Banking Commissioner Huo Li Yi; Most Profits from First Half of Year Go to Accumulation Fund"]

[Text] Banking Commissioner Huo Liyi [7202 4409 5030] described recent rumors as "nonsense." He told the reporter that the information his office received indicated that the Ka Wah Bank was performing well in business recently. The two major banking groups here, the Hongkong and Shanghai Banking Corp and the Bank of China, will continue support of the Ka Wah Bank. He had not heard of any changes in the credit reserve provided to the Ka Wah Bank by these two banks. Since the daily operations of the Hong Kong banking industry are progressing normally, the Hong Kong Government has no intention at all to refute one by one the rumors that come out of the market regularly.

Su Yuanqing [5685 3293 1987], assistant general manager of the Hong Kong branch of the Bank of China, said: "The Bank of China will continue its support of the Ka Wah Bank. We still provide credit reserve for Ka Wah."

Huang Jianing [7806 1367 1337], secretary of the Ka Wah Banking Corp said that the Hongkong and Shanghai Banking Corp and the Bank of China still supported them vigorously and that he had no idea how the rumors got out from the market about the Hongkong and Shanghai Banking Corp withdrawing the credit reserve for Ka Wah. The Ka Wah Bank had not touched this sum of money at all since the credit reserve was made available because the Ka Wah Bank had sufficient money on hand to meet its own needs.

Huang Jianing also touched on the performance of the Ka Wah Bank. He said, the midterm performance record published earlier showed Ka Wah making a profit of more than HK\$2.6 million during the period, which was much lower than that in the midterm last year. As a matter of fact, the Ka Wah Bank diverted most of the profits it earned to its internal accumulation fund only as a general reserve with no other particular purpose in mind. As numerous rumors continued to surface in the market in recent months, Ka Wah has had to make available more money supply cautiously for emergency needs.

He also indicated that the number of bad accounts in Ka Wah Banking during the first half of the year was only at a general level and deposit-taking business is stabilizing and showing signs of a gradual rebound. It will take some time to completely restore the confidence affected by the rumors in June. Recently some old customers have transferred back to Ka Wah the deposits which they took out earlier. In the meantime, Ka Wah has also accepted deposits from some new accounts.

12662/9190
CSO: 4006/193

END

JPRS-CEA-86-006

15 January 1986

China Report

ECONOMIC AFFAIRS

JPRS-CEA-85-059, 5 July 1985-

JPRS-CEA-85-113, 31 December 1985

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

5 July 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

PROVINCIAL AFFAIRS

Deng Xichen Reports on 1985 Economic Plan at Ningxia Congress (XINGXIA RIBAO, 3 May 85)	1
Li Xuezhi Addresses Ningxia People's Congress (Li Xuezhi; NINGXIA RIBAO, 9 May 85)	3
Tianjin's Nie Bichu's Report on Economic Plan (Nie Bichu; TIANJIN RIBAO, 13 May 85)	10
Tianjin's Li Ruihuan's Speech on Price Reform (Li Ruihuan; TIANJIN RIBAO, 10 May 85)	23
Text of Hubei Province Government Work Report (Huang Zhizhen; HUBEI RIBAO, 3 May 85)	40
Text of Shaanxi Government Work Report (SHAANXI RIBAO, 2 May 85)	65
Anhui Governor Speaks on Rural Enterprises (Wang Yuzhao; ANHUI RIBAO, 25 Apr 85)	87

AGGREGATE ECONOMIC DATA

Briefs	
Jilin Prefectural Production	107

ECONOMIC MANAGEMENT

Xue Muqiao's Contributions to China's Statistical Work (Wu Hui; TONGJI, No 1, 17 Jan 85)	108
---	-----

FINANCE AND BANKING

- Country To Borrow \$164.3 Million From World Bank, IDA
(CHINA DAILY, 15 Jun 85) 115

CONSTRUCTION

- Briefs
Beijing Skyscraper 117

TRANSPORTATION

- Distribution of China's Railway Network Discussed
(Xin Qin; TIEDAO ZHISHI, No 1, 28 Jan 85) 118
- Urban Traffic Congestion Noted
(Zhang Cailong; LIAOWANG ZHOUKAN, No 16, 22 Apr 85) 123
- Datong-Qinhuangdao Railway Under Construction
(Han Mei; TIEDAO ZHISHI, No 1, 28 Jan 85) 124
- Heilongjiang: Li Lian Inspects Worksite of Songhua Jiang Bridge
(Heilongjiang Provincial Service, 23 May 85) 129

HONG KONG MEDIA ON CHINA

- People's Bank of China To Improve Service at Shenshen Branch
(Suzanne Sim; SOUTH CHINA MORNING POST, 19 Jun 85) 130

9 July 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Zhao Ziyang on Economic Construction, Open-Door Policy (RENMIN RIBAO, 11 Jun 85).....	1
Tian Jiyun Visits FRG Machine Building Plant (XINHUA, 11 Jun 85).....	6
RENMIN RIBAO Article on Developing Productive Forces (Li Honglin; RENMIN RIBAO, 24 May 85).....	7
Home Sales To Ease Shortages Expanded (Liang Weiya; CHINA DAILY, 9 Jun 85).....	9
Official Comments on Restructuring 'Third Line' (CHINA DAILY, 8 Jun 85).....	11
Briefs	
Economic Law Graduates	13
Shanghai Materials Shortage Solved	13
Communications Ministry Studies Port Development	14
Coastal-Inland Economic Ties	14

PROVINCIAL AFFAIRS

Hunan Investigates Heavy Levies on Enterprises (Changsha Hunan Provincial Service, 20 May 85).....	15
Briefs	
Hunan Fire Prevention	16

ECONOMIC DEVELOPMENT ZONES

Gu Mu Discusses Opening of 14 Coastal Cities (Gu Mu; GUOJI MAOYI, No 2, 27 Feb 85).....	17
--	----

AGGREGATE ECONOMIC DATA

Hainan Meeting Reviews Economic Achievements, Tasks (Haikou Hainan Island Service, 19 May 85).....	21
Briefs	
Guangxi First Quarter Output	23

FINANCE AND BANKING

Lei Ming Report on 1984 Final Accounts (NINGXIA RIBAO, 3 May 85).....	24
CHINA DAILY Article Notes Effects of Provincial Price Controls (CHINA DAILY, 11 Jun 85).....	27
Savings Encouraged To Help China's Economy (Ying Yixun; JINGJIXUE ZHOUBAO, No 16, 12 Apr 85).....	29
Problems of Fast-Growing Savings Discussed (Xiao Ji; JINGJIXUE ZHOUBAO, No 16, 21 Apr 85).....	31
Xizang Meeting Stresses Currency Circulation Control (Lhasa Xizang Regional Service, 24 May 85).....	33
Strict Currency, Credit Control Urged (Editorial; JINGJI RIBAO, 25 Apr 85).....	35
Historical Development of Currency, Price Analyzed (Xue Muqiao; CAIMAO JINGJI, No 4, 11 Apr 85).....	38
JINGJI GUANLI on City's Approach To Price Reform (JINGJI GUANLI, No 4, 5 Apr 85).....	53
Tax on Outgoing Remittance of Profits Justified (Hui Wen; ZHONGGUO SHUIWU, No 4, 12 Apr 85).....	57
Proper Implementation of Tax Policy for Foreign Business (Lin Rongsheng; ZHONGGUO SHUIWU, No 4, 12 Apr 85).....	60
Tax Term 'Income From China' Explained (Jiang Li; ZHONGGUO SHUIWU, No 4, 12 Apr 85).....	62

Briefs

Jiangsu Film Revenues	64
Jiangsu Bank Deposits	64
Hunan Sells New Houses	64
Discount Treasury Bonds Regulations Issued	64
Bank Joins International Savings Institute	65

INDUSTRY

Briefs

Shanghai Light Industry	66
Shanghai Output Value	66
Fujian Industrial Production	66

CONSTRUCTION

Liaoning: Guo Feng at Ceremony for Channel Reconstruction (Shenyang Liaoning Provincial Service, 6 Jun 85).....	67
Resumed Construction of Steel Plant Approved (Chengdu Sichuan Provincial Service, 25 May 85).....	68
Briefs	
Zhejiang Island Construction	69
Urban Planning Stressed	69

DOMESTIC TRADE

Briefs

Jiangsu Commodity Sales	70
Sichuan National Economic Cooperation Fair	70

FOREIGN TRADE AND INVESTMENT

Zhao on PRC Economic Reform, Open-Door Policy (XINHUA, 10 Jun 85).....	71
Double Taxation Agreement With FRG Nears Ratification (Hans Flick; HANDELSBLATT, 23 Apr 85).....	73
Anhui, Australia Sign Economic Agreements (Hefei Anhui Provincial Service, 31 May 85).....	75
XINHUA Cites Hong Kong Journal on Hong Kong-China Trade (Beijing Hong Kong Service, 4 Jun 85).....	76
Integration of Industry, Trade Discussed (Zhou Lianqing, Bao Nairen; GUOJI MAOYI, No 2, 27 Feb 85).....	78

Briefs	
Economic Symposium With Japan	83
Fujian-French Cooperation	83
Shandong-Japan Technical Cooperation	83
Meeting With Japanese Trade Minister	84
Heilongjiang Exports Soybean to USSR	84
Norwegian Bank Establishing Office	84
Upgrading National Accounting System	85
 LABOR AND WAGES	
Text of Guangdong's Trade Union Regulations (NANFANG RIBAO, 25 May 85).....	86
Jilin Rally Marks Trade Union Anniversary (Changchun Jilin Provincial Service, 29 Apr 85).....	91
 TRANSPORTATION	
Development of PRC Aviation Industry Discussed (Wang Dequan; ZIRAN BIANZHENGFA, No 2, 10 Apr 85).....	92
Civil Aviation Administration Improving Service (XINHUA, 6 Jun 85).....	98
Yunnan Makes Progress in Highway Construction (Kunming Yunnan Provincial Service, 18 May 85).....	100
Qinghai-Xizang Plateau Highway Asphalted (XINHUA, 3 Jun 85).....	102
 Briefs	
Jiangsu's Lianyungang Port	103
Tianjin Container Wharf	103
Inscriptions for Shipyard	103

11 July 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

PROVINCIAL AFFAIRS

Southwest Economic Coordination Conference Concludes (Sichuan Provincial Service, 29 Apr 85).....	1
Yunnan Radio Comments on Southwest Economic Meeting (Yunnan Provincial Service, 29 Apr 85).....	3
Guangdong Commentary on Balanced Economic Development (Guangdong Provincial Service, 29 Apr 85).....	5
Shaanxi Province Takes Steps To Help Poor Areas (SHAANXI RIBAO, 17 Apr 85).....	6
Heilongjiang 1st Quarter Industrial Output Reported (Heilongjiang Provincial Service, 30 May 85).....	8
Text of Sichuan Provincial Government Work Report (Yang Xisong; CHONGQING RIBAO, 19 May 85).....	10
Heilongjiang Government Work Report (HEILONGJIANG RIBAO, 24 May 85).....	32

ECONOMIC DEVELOPMENT ZONES

Xiang Nan on Southern Fujian Development (Geng Sheng, Lin Qunying; XINHUA Domestic Service, 16 Jun 85).....	56
---	----

ECONOMIC PLANNING

Ningxia 1985 Economic Development Plan (Deng Xichen; NINGXIA RIBAO, 24 May 85).....	58
--	----

Shanxi 1985 Economic, Social Development Plan (Xu Junzhou; SHANXI RIBAO, 18 May 85).....	68
Briefs	
Qinghai Seventh 5-Year Plan	76
ECONOMIC MANAGEMENT	
Guangdong's Lin Ruo Stresses Improving Management (Lin Ruo; NANFANG RIBAO, 9 Jun 85).....	77
Gansu Government Stresses Improving Economic Results (Gansu Provincial Service, 26 Apr 85).....	84
INDUSTRY	
Economic Results of 10 Fujian Cities Compared (FUJIAN RIBAO, 24 May 85).....	85
Sichuan Meeting Discusses Enterprise Capital Shortage (Sichuan Provincial Service, 18 Jun 85).....	87
TRANSPORTATION	
Briefs	
Jiangsu Deep-Water Berths	88
Heilongjiang Opens Air Route	88
Wei He Highway Bridge	88
Heilongjiang Suibin Harbor Constructed	88
LABOR AND WAGES	
Fujian Leaders Attend TU Congress Closing (Fujian Provincial Service, 3 Jun 85).....	89
HONG KONG MEDIA ON CHINA	
New Company To Raise Funds for Fujian's Development (SOUTH CHINA MORNING POST, 10 Jun 85).....	90
Yunnan Trade Delegation Concludes Investment Seminar (SOUTH CHINA MORNING POST, 10, 11 Jun 85).....	92
Deals Total \$290 Million	92
Contracts Worth \$120 Million, by Albert Chan	93
Hong Kong Delegation Introduces Futures Market to PRC (Chito Santiago; HONG KONG STANDARD, 11 Jun 85).....	96

Xiamen To Get PRC's First Joint Venture Bank (Olivia Sin; SOUTH CHINA MORNING POST, 8 Jun 85).....	98
Real Estate Expert Warns of Possible Property Glut in Shenzhen (Reobert Mayerson; SOUTH CHINA MORNING POST, 11 Jun 85)....	100
Briefs	
Contract Signed for First Class Hotel	102

HONG KONG ECONOMIC TRENDS

Hong Kong Trade Figures Show Slump in Domestic Export Growth (Peter Robinson; SOUTH CHINA MORNING POST, 12 Jun 85).....	103
PRC No Longer Biggest Source of Hong Kong Imports (Suzanne Sim; SOUTH CHINA MORNING POST, 10 Jun 85).....	105
French Bank Set To Open Hong Kong Branch in July (Helem Sam; HONG KONG STANDARD, 11 Jun 85).....	107
Hong Kong's 'Leftwing' Circles' Reaction to Bank's Failure Cited (SOUTH CHINA MORNING POST, 8 Jun 85).....	109
Briefs	
Foundering Bank To Resume Business	111

15 July 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

GUANGMING RIBAO on Updating Concepts (Pan Weiwen; GUANGMING RIBAO, 20 May 85)	1
Briefs	
Delegation Visits Hungary, Signs Accord	4

PROVINCIAL AFFAIRS

Fujian Governor's Report on Reform, Economy (Hu Ping; FUJIAN RIBAO, 8 May 85)	5
Briefs	
Heilongjiang County Fair Trade	26

ECONOMIC DEVELOPMENT ZONES

Economists Suggest Yangtze Delta Development (XINHUA, 7 Jun 85)	27
--	----

ECONOMIC PLANNING

Hu Ping Urges Developing Fujian Hilly Region (Fujian Provincial Service, 8 Jun 85)	29
Gansu Party Leader on Prefecture's Economic Development (Gansu Provincial Service, 8 Jun 85)	30
Briefs	
Zhenjiang City's Urban Plan Reviewed	31

ECONOMIC MANAGEMENT

Han Peixin Attends Meeting on Enterprises (Jiangsu Provincial Service, 8 Jun 85)	32
Dalian, Shenyang Apply Economic Integration (JINGJI GUANLI, No 4, 5 Apr 85)	33
Opinions Given on Economic Structural Reform (Shanghai City Service, 5 Jun 85)	38
Gansu Leader on Economic Development in Pingliang, Qingyang (Gansu Provincial Service, 4 Jun 85)	40
Xinjiang Meeting Discusses Economic Work (Xinjiang Regional Service, 8 Jun 85)	41
PRC Journal on Role of Commercial Information (Feng Hanyin; JINGJI GUANLI, No 4, 5 Apr 85)	42
Briefs Guangzhou Express Postal Company Established	49

FINANCE AND BANKING

Guangzhou Exceeds Target for Reducing Currency in Circulation (ZHONGGUO XINWEN SHE, 19 Jun 85)	50
Pricing by Quality Discussed (Luo Xianggu; CAIJING KEXUE, No 1, 30 Jan 85)	51
Briefs Warning of Counterfeit Bank Notes	56
Beijing Peasants' Insurance	56

MINERAL RESOURCES

Briefs Control Over Gold Extraction	57
--	----

INDUSTRY

Jilin's Governor Speaks on Industrial Production (Jilin Provincial Service, 11 Jun 85)	58
Quan Shuren Gives Instructions to Machinery Industry (Liaoning Provincial Service, 6 Jun 85)	59
Questions on Food Industry's Accelerated Development (Lu Luping; JINGJI YANJIU, No 4, 20 Apr 85)	60

Briefs	
Guangxi Iron, Steel Production	67

CONSTRUCTION

Research, Preparations in Progress for Building of Three Gorges Dam	
(Xu Yuanchao; CHINA DAILY, 15 Jun 85)	68
Hainan Island Experiences Communications Development	
(Guangdong Provincial Service, 13 Jun 85)	70
Briefs	
Beijing Flood-Diversion Project	71
China's Largest Cement Kiln	71

DOMESTIC TRADE

JINQJI RIBAO Urges Integration of Coast, Inland Areas	
(Zheng Shan; JINQJI RIBAO, 3 Jun 85)	72
Beijing Officials Slash Vegetable Prices	
(XINHUA, 4 Jun 85)	76
JINGJI YANJIU on Reform of Fresh Food Trade in Cities	
(Guan Xihao; JINGJI YANJIU, No 4, 20 Apr 85)	77
Briefs	
Heilongjiang Supply Marketing Cooperatives	86

FOREIGN TRADE AND INVESTMENT

Liang Buting Attends Joint-Venture Reception	
(Shandong Provincial Service, 11 Jun 85)	87
Dalian Readies for Foreign Investment	
(XINHUA, 17 Jun 85)	88
Yunnan Cooperation, Trade Talks End in Hong Kong	
(Yunnan Provincial Service, 13 Jun 85)	89
Briefs	
New Hotel in Dalian	90
Liaoning Export Commodity Sales	90
Heilongjiang Trade Fair Transactions	90
Fujian Governor Meets Canadian Businessmen	90
Sino-Swiss Nylon Fiber Venture	91
Zhang Jingfu Meets Belgian Leader	91

SPECIAL ECONOMIC ZONES

Young People Contribute to Special Economic Zone	
(XINHUA, 17 Jun 85)	92

LABOR AND WAGES

Gansu Federation of Trade Unions Improves Work Style (Gansu Provincial Service, 18 Jun 85)	94
Labor Service Companies Absorb Surplus Labor (XINHUA, 13 Jun 85)	95
Wage Reform in Construction Industry Urged (Fu Renzhang; JIANZHU JINGJI, No 3, 18 Mar 85)	96

TRANSPORTATION

Gansu Helps Poor Areas Build Roads, Water Facilities (Gansu Provincial Service, 10 Jun 85)	101
Briefs	
Shanxi Xian Highway Bridge	102
Qinchai 'Salt' Road	102

PUBLICATIONS

Briefs	
CHINA DAILY To Add Business Weekly	103

ABSTRACTS

COMPARATIVE ECONOMIC SYSTEMS

JINGJI LILUN YU JINGJI GUANLI [ECONOMIC THEORY AND BUSINESS MANAGEMENT], No 1, 28 Jan 85	104
---	-----

TAIWAN

Economic Planning Council Approves Power Plant (CNA, 21 Jun 85)	105
Sino-Franco Economic Conference Opens in Paris (CNA, 19 Jun 85)	106
Briefs	
Semiconductor Gas Joint Ventures	107
Taiwan, France Economic Consultations	107
Meeting With UK Official	108
Taipower Continues To Diversify Power Sources	108

HONG KONG MEDIA ON CHINA

Foreign Banks Reconsider Branch Plans for Shenzhen (Olivia Sin; SOUTH CHINA MORNING POST, 18 Jun 85)	109
---	-----

HONG KONG ECONOMIC TRENDS

Bank of China, Hong Kong Bank Move To Aid Local Bank (SOUTH CHINA MORNING POST, 18 Jun 85)	112
---	-----

16 July 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Yuan Baohua on Current Economic Situation (XINHUA, 25 May 85).....	1
Yuan Baohua Comments on Factory Director System (Ge Daxing; XINHUA, 20 May 85).....	3
Seminar on Development of Western PRC To Be Held in Lanzhou (Zhang Wenzhong; CHINA DAILY, 18 May 85).....	5

PROVINCIAL AFFAIRS

Hebei Holds Forum on Improving Economic Results (Hebei Provincial Service, 16 May 85).....	6
Guizhou Governor Stresses Economic Goals, Growth (Guizhou Provincial Service, 30 May 85).....	8
Yunan Issues Circular on Safety in Production (Yunnan Provincial Service, 29 May 85).....	9
Fujian's 1984 Economic, Social Statistics (FUJIAN RIBAO, 6 May 85).....	10
Hebei Holds Meeting To Develop Minority Economy (Hebei Provincial Service, 16 May 85).....	24

ECONOMIC DEVELOPMENT ZONES

Shanghai EDZ in Context of Regional Zone Development (Zhong Zhe; SHEHUI KEXUE, No 2, 15 Feb 85).....	26
---	----

ECONOMIC PLANNING

Tianjin Mayor Outlines City's Long-Term Goals (XINHUA, 24 Apr 85).....	32
---	----

ECONOMIC MANAGEMENT

Investigation Article on Wuhan's Price Reform (RENMIN RIBAO, 19 May 85).....	34
Input-Output Statistics Discussed (Mao Bangji; TONGJI YANJIU, No 4, 7 Dec 84).....	42

FINANCE AND BANKING

Chen Muhua on Tasks of People's Bank of China (Chen Muhua Interview; BEIJING REVIEW, No 23, 10 Jun 85)..	53
Bank of China To Open More Branches Abroad (XINHUA, 17 Jun 85).....	56

INDUSTRY

Aircraft Manufacturers Advertise Variety of Products (JINGJI RIBAO, 23 May 85).....	57
Briefs	
Xizang Tertiary Industry Develops	60
Hangzhou Food Industry Hailed	60

FOREIGN TRADE AND INVESTMENT

Overview of U.S. Investment in China (Wu Qichang; GUOJI MAOYI, No 2, 27 Feb 85).....	61
Questions, Answers on Foreign Economic Contract Law (Liu Yinin, Zhang Yuejiao; GUOJI SHANGBAO, 29 Apr 85).....	64
Mofert Urges Improved Foreign Trade Management, Supervision (GUOJI SHANGBAO, 29 Apr 85).....	67
Islamic Economic Corporation Set Up in Yinchuan (XINHUA, 17 Jun 85).....	69
China's Protection of Industrial Property Rights Discussed (Feng Datong; GUOJI MAOYI, No 2, 27 Feb 85).....	70

SPECIAL ECONOMIC ZONES

Importance of Creating Complexes of Special Zones (Wu Jixue, Yang Linjun; JINGJI WENTI TANSUO, No 4, 20 Apr 85).....	78
--	----

Goals, Methods of SEZ Financial System Reform Discussed (Su Yanhan; FUJIAN LUNTAN, No 4, 20 Apr 85).....	85
---	----

TRANSPORTATION

Minister Calls for Speedy Transportation Development (Gao Ping; BAN YUETAN, No 4, 25 Feb 85).....	94
Minister Qian Stresses Transportation Tasks During Seventh 5-Year Plan (ZHONGGUO JIAOTONG BAO, 30 Mar 85).....	97
Transportation Plans During Seventh 5-Year Plan Discussed (ZHONGGUO JIAOTONG BAO, 30 Mar 85).....	99
Jiangsu Vice Governor on Developing Transportation (Jiangsu Provincial Service, 30 May 85).....	100
Work To Begin Soon on China's Longest Local Railway (SHIJIE JINGJI DAobao, 25 Mar 85).....	102
Development of Transportation Cooperatives Commended (ZHONGGUO JIAOTONG BAO, 2 Mar 85).....	104
China Increases Number of Domestic, International Air Routes (Chen Ming; JINGJI CANKAO, 27 Mar 85).....	106
Report on Two Dalian Harbor Projects (Zhang Chengyuan; ZHONGGUO JIAOTONG BAO, 30 Mar 85).....	108
PRC Draws Up Airline Safety Regulations (Liang Weiya; CHINA DAILY, 16 Jun 85).....	109
State To Provide Aid for Rural Road Construction (XINHUA, 20 Jun 85).....	110
More Provincial Railway Lines Planned (XINHUA, 18 Jun 85).....	112
Briefs	
Flight Schedules Augmented	113
Flights to Hong Kong Increasing	113
Minister Urges Transportation Construction	114
Xizang Road Improvements	114

CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

GUOJI SHANGBAO Views Hungary's Economic Reforms (Liao Jili; GUOJI SHANGBAO, 16 May 85).....	115
--	-----

TERMINOLOGY

Explanation of Terms Used in PRC Patent Law (GUOJI MAOYI, No 2, 27 Feb 85).....	119
--	-----

HONG KONG MEDIA ON CHINA

Yao Yilin, Gu Mu on Problems in Special Zones (MING PAO, 4 Jun 85).....	122
--	-----

Hong Kong Company Signs Agreement on 1st Joint Bank With PRC (Olivia Sin; SOUTH CHINA MORNING POST, 20 Jun 85).....	124
--	-----

HONG KONG ECONOMIC TRENDS

Hong Kong To Be Stronghold for Trading With China's Inland (Yang Xin; GANG AO JINGJI, No 3, 25 Mar 85).....	126
--	-----

18 July 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Rural Enterprises Increase Total Annual Output (Dai Guoqiang, Liu Kuihua; XINHUA, 24 Jun 85).....	1
PRC Symposium Discusses Social Reproduction (GUANGMING RIBAO, 8 Jun 85).....	2
PRC Symposium Discusses Problem of Prices (GUANGMING RIBAO, 8 Jun 85).....	5
Planned Commodity Economy, Financial Balance (Wang Shaofei; GUANGMING RIBAO, 15 Jun 85).....	7
PRC Symposium Discusses Socialist Ownership (GUANGMING RIBAO, 1 Jun 85).....	9
Significance of Cooperation Between Coastal Areas, Interior (Zhu Xingqing; SHIJIE JINGJI DAORAO, No 241, 10 Jun 85).	12
Sun Yefang's Theory of Socialist Circulation Discussed (Gao Dichen; JINGJI WENTI [PROBLEMS IN ECONOMICS], No 1, 25 Jan 85).....	14
Economist Yuan Baohua Discusses Restructuring of Enterprises (QIYE GUANLI [ENTERPRISE MANAGEMENT], No 2, 5 Feb 85).....	23
Wage Reform in State Enterprises Discussed (Ma Yibiao; QIYE GUANLI [ENTERPRISE MANAGEMENT], No 2, 5 Feb 85).....	28

Leasing Recommended as a New Way To Introduce Technology (Tai Hengxin; QIYE GUANLI [ENTERPRISE MANAGEMENT], No 2, 5 Feb 85).....	32
Monetary Functions of Foreign Exchange Analyzed (Zhou Shengye; JINGJI LILUN YU JINGJI GUANLI [ECONOMIC THEORY AND BUSINESS MANAGEMENT], No 6, 5 Nov 84).....	36
Gu Ming Discusses Economic Legislation Work (LIAOWANG [OUTLOOK WEEKLY], No 9, 11 Mar 85).....	42
GUANGMING RIBAO Discusses Reform of Economic Theory (Ma Biao; GUANGMING RIBAO, 1 Jun 85).....	48
Briefs Commodity Economic Theory Meeting	52
PROVINCIAL AFFAIRS	
Heilongjiang's Liu Zhongli on Economic, Social Development (HEILONGJIANG RIBAO, 26 May 85).....	53
Report on Jiangsu Economic, Social Development (Chen Mengling; XINHUA RIBAO, 16 May 85).....	70
Report on Sichuan's Economic, Social Development Plan (Jiang Minkuan; SICHUAN RIBAO, 18 May 85).....	78
Briefs More Shops, Services Opening Record Sales Contracts Signed	93 93
DOMESTIC TRADE	
Briefs Barter Fair Ends Fodder Factory Set Up Rural Produce Wholesale Markets	94 94 94
FOREIGN TRADE AND INVESTMENT	
Shenyang To Hold International Trade Fair (XINHUA, 26 Jun 85).....	96
Shenyang Plans To Expand Foreign Trade (XINHUA, 7 Jun 85).....	97
PRC Regulations on Technology Acquisition (CHINA DAILY, 19 Jun 85).....	98

Foreign Economic Relations, Trade Developed (DAZHONG RIBAO, 18 Apr 85).....	101
Shenzhen Opens New Advanced Technology Exhibition Center (ZHONGGUO XINWEN SHE, 20 Jun 85).....	103
Theoretical Issues in Structural Reform of Foreign Trade (Qiu Demin; GUOJI MAOYI [INTERTRADE], No 3, 27 Mar 85)..	104
Approaches To Expanding Exports Analyzed (Qian Zongqi; FUJIAN LUNTAN [FUJIAN FORUM], No 1, 5 Jan 85).....	111
Inspectors Seize Shoddy Imported Goods (XINHUA, 13 Jun 85).....	117
Yingkou Scores Results With Imported Technology (XINHUA, 27 Jun 85).....	118
State Council Approves Regulations on Enterprise Name (XINHUA, 15 Jun 85).....	119
Briefs	
Gansu Province To Open Mountains to Tourism	121
Joint Ventures To Increase Exports	121
New Tianjin Hotel	121
Corn Export Prospects	122
New Nei Monggol Hotel	122
Shanghai-Hong Kong Joint Ventures	122

SPECIAL ECONOMIC ZONES

Shenzhen's Legal Protection of Foreign Investment Discussed (Sun Benyao; LIAOWANG [OUTLOOK], No 16, 22 Apr 85).....	123
Overview of Shenzhen's Foreign Capital Imports in 1984 (Tang Huozhao; GUOJI MAOYI [INTERTRADE], No 3, 27 Mar 85).....	128
Briefs	
Science & Technology Trade Corporation	130

HONG KONG ECONOMIC TRENDS

PRC-Controlled Electronics Firm Overcoming Financial Problems (AFP, 27 Jun 85).....	131
--	-----

19 July 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

PROVINCIAL AFFAIRS

Jiangsu Governor's Report on Economy, Reform (XINHUA RIBAO, 15 May 85)	1
Hebei: Xing Chongzhi's Report at GPC Congress (Xing Chongzhi; HEBEI RIBAO, 31 May 85)	23
Text of Guangdong Government 1984 Work Report (Liang Lingguang; NANFANG RIBAO, 22 May 85)	47

ECONOMIC PLANNING

Importance of Reform to Planning System Discussed (Cai Ninglin; FUJIAN LUNTAN, No 2, 5 Feb 85)	68
1982-1983 Major Economic Results for 30 Cities (JINGJI RIBAO, 14 May 85)	79
Economic Results Discussed, by Yan Kalin Input-Output Table	79 80

FINANCE AND BANKING

Feasibility of Establishing Offshore Financial Center in China (Cai Changxue; CAIJING YANJIU, No 2, 18 Apr 85)	82
Past, Present, Future of China's Banking Discussed (Shang Ming; JINGJI RIBAO, 22 May 85)	85
Bank's Role in Providing Consumer Loans Discussed (Di Yuewen, Wang Jinlong; SHANXI CAIJING XUEYUAN XUEBAO, No 2, Apr 85)	87

New Bank Loan Regulations To Curb Indiscriminate Lending (Zhang Yaoshu, Pan Qingneng; GUANGZHOU RIBAO, 24 Mar 85)	90
Reforms in Price Control System Discussed (Shao Hong; JINGJI RIBAO, 1 Apr 85)	91
Reason for Substituting Cash for Grain in Taxation Explained (XINHUA RIBAO, 25 May 85)	94
Price System Reformed (Shen Xuan; GUANGZHOU RIBAO, 21 Mar 85)	97
Profit Rate of Restaurants Not To Exceed 35 Percent (Lan Liangpan; GUANGZHOU RIBAO, 24 Mar 85)	99
Relationship Between Socialist Cost, Planned Commodity Economy (Xu Yi; KUAIJI YANJIU, No 2, 30 Apr 85)	100
Report on Jiangsu's Final Accounts, Budget (Jiang Qiwen; XINHUA RIBAO, 16 May 85)	113
GUANGMING RIBAO on Coordinating Credit, Prices, Taxation (Tian Jun; GUANGMING RIBAO, 15 Jun 85)	120
Symposium Discusses Problems of Socialist Finance (GUANGMING RIBAO, 8 Jun 85)	121
Briefs History of Bank of China	124
FOREIGN TRADE AND INVESTMENT	
FRG-PRC Joint Venture To Develop Inland, Ocean Shipping (WIRTSCHAFTSWOCHE, 24 May 85)	125
FRG Wool Importers Complain of Pricing Practices (FRANKFURTER ALLGEMEINE, 10 Jun 85)	128
TRANSPORTATION	
Construction of Shenyang-Dalian Expressway Decided (Wei Runsheng, et al.; LIAONING JINGJI BAO, 13 Feb 85)	130
Briefs Liaoning Cargo Ship Purchase	131

25 July 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PROVINCIAL AFFAIRS

Ningxia's 1984 Government Work Report (Ma Sizhong; NINGXIA RIBAO, 16 May 85).....	1
Xinjiang Leader Inspects Yili Automobile Plant (Xinjiang Regional Service, 21 Jun 85).....	21
Xinjiang Issues Circular on Control of Audio, Video Products (Xinjiang Regional Service, 19 Jun 85).....	23

AGGREGATE ECONOMIC DATA

National Economic Statistical Data for 1984 (TONGJI [STATISTICS], No 2, 17 Feb 85).....	25
--	----

ECONOMIC MANAGEMENT

Reform of Industrial Statistics for 1985 Discussed (Chen Zhenyu; TONGJI [STATISTICS], No 2, 17 Feb 85).....	31
PRC Journal on Formation of Rural Share Companies (Zhao Tianzhen; JINGJI GUANLI, No 3, 5 May 85).....	36
PRC Symposium Discusses Socialist Planning, Market (GUANGMING RIBAO, 1 Jun 85).....	42
PRC Symposium Discusses Commodity Economy (GUANGMING RIBAO, 1 Jun 85).....	45
PRC Symposium Discusses Development Strategy (GUANGMING RIBAO, 8 Jun 85).....	48

PRC Paper on Planned Management, Market Regulation (Tang Guojun; GUANGMING RIBAO, 15 Jun 85).....	50
GUANGMING RIBAO on Planned Commodity Economy, Financial Balance (Wang Shaofei; GUANGMING RIBAO, 15 Jun 85).....	52
GUANGMING RIBAO on Objects of Readjustment of Economic Levers (Zhao Suying; GUANGMING RIBAO, 15 Jun 85).....	54
Dismissed Plant Directors Restored in Gansu (Wang Zuoyan; XINHUA, 17 Jun 85).....	56
Xizang Forum Stresses Invigorating Enterprises (Xizang Regional Service, 22 Jun 85).....	57
Wu Jinghua Inspects Villages Near Lhasa (Xizang Regional Service, 26 Jun 85).....	58
FINANCE AND BANKING	
Briefs	
Qinghai Articles for Nationalities	60
MINERAL RESOURCES	
Briefs	
Jilin Black Marble Mine	61
INDUSTRY	
Briefs	
Minorities Join Hans in Running Industries	62
CONSTRUCTION	
Briefs	
Inscription for New Magazine	63
FOREIGN TRADE AND INVESTMENT	
Changing Nature of Tech Transfer, Trading Partners Surveyed (Li Yuanzheng; GUOJI MAOYI [INTERTRADE], No 4, 27 Apr 85).....	64
Briefs	
Swedish Forestry Consultant Aid	69

LABOR AND WAGES

Sichuan Meeting on Progress of Wage Reforms (Sichuan Provincial Service, 26 Jun 85).....	70
---	----

TRANSPORTATION

Ministry of Communications Invites Bids (Li Guoxiang, Zhu Xiaolu; ZHONGGUO JIAOTONG BAO, 9 Mar 85).....	71
PRC Plans More Harbors To Ease Port Congestion (Liang Weiya; CHINA DAILY, 22 Jun 85).....	72
Changsha Meeting on Truck Freight Transport (Yao Yue, Yuan Bojun; XINHUA, 22 Jun 85).....	74
Shaanxi Vice Governor Urges Removal of Obstacles on Roads (Shaanxi Provincial Service, 22 Jun 85).....	76
Henan's Zhengzhou Railroad Bureau Improves Service Attitude (Henan Provincial Service, 25 Jun 85).....	77
Briefs	
Air Safety Record	78
Jiangsu Port Seeks Harbor Expansion Aid	78
Four New Wharves To Be Built	78
Henan Meeting Stresses Road Improvements	79
Shaanxi Rail Electrification	79
Highway Hit by Massive Landslides	79
Zhengzhou Highway Bridge	80
Ten Thousand Buses Last Year	80

PUBLICATIONS

Briefs	
PRC Economic Journal	81

HONG KONG MEDIA ON CHINA

Nantong Wants To Raise Export Earnings Through Joint Ventures (Olivia Sin; SOUTH CHINA MORNING POST; 21 Jun 85).....	82
Hong Kong Firm Involved in Pilot Project in Nantong (Olivia Sin; SOUTH CHINA MORNING POST, 19 Jun 85).....	84
Shenzhen To Receive Reduced Foreign Exchange Allocation (Suzanne Sin; SOUTH CHINA MORNING POST, 19 Jun 85).....	87

\$50 Million Joint Venture Hotel Pledged for Guilin (Suzanne Sim; SOUTH CHINA MORNING POST, 24 Jun 85).....	89
Shaanxi Offers Perks To Lure Foreign Investors (HONG KONG STANDARD, 24 Jun 85).....	91

JPRS-CEA-85-067

29 July 1985

China Report

ECONOMIC AFFAIRS

TABLES OF CONTENTS

JPRS-CEA-85-001, 2 January 1985-

JPRS-CEA-85-058, 28 June 1985



FOREIGN BROADCAST INFORMATION SERVICE

30 July 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

- An Zhiwen Discusses Urban Reform
(Xiao Yingzhi; BAN YUE TAN, No 7, 10 Apr 85)..... 1

PROVINCIAL AFFAIRS

- Greater Role in Reform of Planning Advocated for Fujian
(Shen Zhuo; FUJIAN LUNTAN, No 2, 5 Feb 85)..... 5

- Threat of Surplus Purchasing Power Analyzed
(Tu Jiancheng; FUJIAN LUNTAN, No 2, 5 Feb 85)..... 12

- Shandong Governor's Government Work Report
(DAZHONG RIBAO, 5 Jun 85)..... 17

- Shandong Planning Commission Report on Economic Plan
(Liu Yong; DAZHONG RIBAO, 7 Jun 85)..... 41

- Briefs
Nei Monggol Financial Revenues 52

ECONOMIC DEVELOPMENT ZONES

- Localities of Southern Fujian Described
(FUJIAN RIBAO, 6 Mar 85)..... 53

AGGREGATE ECONOMIC DATA

- 1984 Fujian Industrial, Trade Statistics Reported
(FUJIAN LUNTAN, No 2, 5 Feb 85)..... 56

ECONOMIC MANAGEMENT

JINGJI GUANLI Stresses Standardization Work (Hua Fanji; JINGJI GUANLI, No 5, 5 May 85).....	60
--	----

FINANCE AND BANKING

State Council Issues Loan Control Regulations for 1985 (ZHONGGUO JINRONG, No 5, 4 May 85).....	66
What People's Bank Should Do To Control Currency Issuance (Yu Naidong, Hong Yang; ZHONGGUO JINRONG, No 5, 4 May 85).	71
Industrial Product Price Reform Discussed (Wang Zhenzhi; WUZI GUANLI, No 3, 20 Mar 85).....	75
Liu Jisheng's Report on Accounts, Budget (Liu Jisheng; JILIN RIBAO, 7 Jun 85).....	82
State Council Publishes New Tax Rules (XINHUA, 11 Jul 85).....	94
Economist Says Price Reforms Help Production Increase (CHINA DAILY, 13 Jul 85).....	95

CONSTRUCTION

Status of Baoshan Steel Works Under Construction (Zhou Yongkang; BANYUE TAN, No 1, 10 Jan 85).....	97
Construction Industry Output Value Soars (XINHUA, 11 Jul 85).....	100
Briefs	
Key Projects for Jiangsu	101
First Phase of Runway Completed	101

FOREIGN TRADE AND INVESTMENT

U.S. Restrictions on China's Textiles Denounced (Yang Shuao; GUOJI MAOYI, No 4, 27 Apr 85).....	102
Jiangsu's Foreign Trade Experience, Future Strategy Discussed (Zhang Xiaozu; GUOJI MAOYI WENTI, No 1, Jan-Feb 85).....	106
Public Bidding in Import System Discussed (Fan Min, Yu Hang; WUHAN DAXUE XUEBAO, No 1, 28 Jan 85)...	113
Methods of Auditing Joint Ventures Outlined (Li Shoutang, Fang Banghe; GUOJI MAOYI, No 4, 27 Apr 85)..	121

Guizhou Holds Conference on Foreign Trade Work (Guizhou Provincial Service, 13 Jun 85).....	130
RENMIN RIBAO Cites Foshan's Achievements in Importing (Li Dingzhong, et al.; RENMIN RIBAO, 7 Jun 85).....	131
Guizhou Vice Governor Addresses Foreign Trade Conference (Guizhou Provincial Service, 8 Jun 85).....	137
Lei Yu Talks to Thai Chinese on Investment (Hainan Island Service, 17 Jun 85).....	138
Briefs	
Hebei Foreign Capital Raised	140

SPECIAL ECONOMIC ZONES

PRC Journal on Economic Structural Reform in Shenzhen (JINGJI GUANLI, No 4, 5 Apr 85).....	141
---	-----

LABOR AND WAGES

Problems of Labor Exportation Discussed (Chen Qingfu, Fang Ting; FUJIAN LUNTAN, No 4, 5 Apr 85)...	149
Increased Export of Labor Advocated by Official (Liang Weiya; CHINA DAILY, 12 Jul 85).....	154
Service Trades Increase in Major Cities (XINHUA, 11 Jul 85).....	155
Briefs	
Chinese Working Abroad	156

TAIWAN

Economic Development Body Issues Report (CNA, 25 Jun 85).....	157
--	-----

HONG KONG MEDIA ON CHINA

Japanese Investors Losing 'Their Advantage' in PRC (Timothy Jin; SOUTH CHINA MORNING POST, 17 Jun 85).....	158
Hong Kong Futures Exchange Seeks Beijing Participation (Lau Wai-Kong; SOUTH CHINA MORNING POST, 24 Jun 85).....	160

Agriculture Bank of China Signs Agreement With Dutch Bank
(George Ort; SOUTH CHINA MORNING POST, 24 Jun 85)..... 162

Economists Reportedly Concerned About Inflation
(John Mulcahy; SOUTH CHINA MORNING POST, 4 Jul 85)..... 164

1 August 1985

CHINA REPORT

ECONOMIC AFFAIRS

ENERGY: STATUS AND DEVELOPMENT -- 40

CONTENTS

NATIONAL POLICY

- Strategies Proposed for Developing Shanxi Energy Base
(Zhang Qinwen, Ren Boping; RENMIN RIBAO, 4 Jun 85)..... 1

POWER NETWORK

- Huaneng Power Development Company Launched
(XINHUA, 24 Jun 85)..... 5
- Centralized vs Local Management of Power Grids Debated
(Chen Zonghao; JISHU JINGJI YU GUANLI YANJIU (RESEARCH
ON THE ECONOMICS AND MANAGEMENT OF TECHNOLOGY), No 1,
Feb 85)..... 6
- Jiangsu Plan To Double Power Output Leaves Few Avenues Unexplored
(XINHUA, 24 May 85)..... 9
- Research in High Voltage Engineering Detailed
(Zheng Jianchao; DAINLI JISHU [ELECTRIC POWER], No 4,
5 Apr 85)..... 10
- Briefs**
- Electrical Plan Half Completed 17
- Zhejiang 1st Quarter Output 17

HYDROPOWER

- Ways Suggested To Reduce Rising Costs of Construction
(SHUILI FADIAN [WATER POWER], No 1, 12 Jan 85)..... 18
- Pushing Progress in S&T To Create New Prospects for Hydropower
Construction
(SHUILI FADIAN [WATER POWER], No 1, 12 Jan 85)..... 29

Yunnan Governor Urges Acceleration of Manwan Project (Yunnan Provincial Service, 1 Jul 85).....	32
Silting Creates Headache for Stations on Upper Huang He (Yang Laifei, et al.; SHUILI FADIAN [WATER POWER], No 2, 12 Feb 85).....	34
Construction of Baozhusi Hydropower Station Detailed (Zhou Meizhu; SHUILI FADIAN [WATER POWER], No 2, 12 Feb 85).....	41
Briefs	
Shuikou Engineering and Construction Co.	43
Manwan Power Station Started	43
THERMAL POWER	
Henan's Small-Scale Plants Provide Model for Nation (Henan Provincial Service, 12 Jul 85).....	44
Briefs	
Luohe, Pingyu Update	45
COAL	
Massive Flooding Puts Big Hebei Mine Out of Commission (XINHUA, 28 May 85).....	46
Big Future Seen for Small-Town Coal Mines (NANFANG RIBAO, 3 Feb 85).....	48
Henan's Peasant-Run Mines Nearly Double Output (XINHUA, 24 May 85).....	50
Briefs	
Production Quota Filled Early	51
Bechtel Assists Shaanxi Plan	51
More Henan Deposits	52
Satellite Coal Detection	52
OIL AND GAS	
Oil Official Discusses Petrochemical Projects (XINHUA, 12 Jun 85).....	53
First Offshore Field in South China Sea To Be Developed (ZHONGGUO XINWEN SHE, 4 Jun 85).....	55
Shengli's Major Support Projects Progressing Smoothly (Tan Jian, Tan Daobo; XINHUA, 4 Jun 85).....	56

Sichuan: A Leader in Natural Gas Exploitation (Huang Chaglu; LIAOWANG [OUTLOOK], No 5, 4 Feb 85).....	58
South China Sea Oilfield To Begin Operations in 1986 (XINHUA, 6 Jun 85).....	61
First Foreign On-Shore Oil Contract Announced (XINHUA, 25 May 85).....	62
Number of Gas Consumers To Double By 1990 (XINHUA, 9 Jun 85).....	63
Daqing Projected 1985 Output: 385 Million Barrels (XINHUA, 23 May 85).....	64
Briefs	
January-June Oil Production	65
Daqing Oilfield Surpasses Quota	65
Shanghai Petrochemical Expansion Started	65
Yumen's Oil Output Revived	66
Daqing Imported Equipment Impact	66
Shengli Heavy Investment Planned	66
Maoming Refinery Complex	67
Liaoning Steam Injection	67
New Xinjiang Field	67
NUCLEAR POWER	
Efforts Underway To Formulate Nuclear Energy Standards (XINHUA, 6 Jul 85).....	68
SUPPLEMENTAL SOURCES	
The Yangbajing Experimental Geothermal Power Plant (Wu Fangzhi, et al.; XIN NENG YUAN [NEW ENERGY SOURCES], No 12, 5 Dec 84).....	69
Researchers, Technicians Turn Biogas Into Viable Energy Resource (RENMIN RIBAO, 9 Feb 85).....	83
Firewood: Main Rural Energy Source Into the 21st Century (Deng Keyun; BEIJING REVIEW, No 21, 27 May 85).....	85
Briefs	
Mongolia's Wind Powered Electricity	89
CONSERVATION	
Energy Conservation in Seventh Five-Year Plan Outlined (Miao Tianjie; NENG YUAN [JOURNAL OF ENERGY], No 1, 25 Feb 85).....	90

Power Ministry Spreads Energy Conservation Experience (Cui Lisha; XINHUA, 23 May 85).....	97
Shanghai Industrial Energy Conservation Provisions Promulgated (JIEFANG LIBAO, 21 May 85).....	99
Briefs	
Energy Conservation Measures Suggested	103
Energy Conservation Headway	103

6 August 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

NATIONAL POLICY AND ISSUES

Foreign Investment 'Crucial' for Updating PRC Industry (Wei Yuming; BEIJING REVIEW, No 22, 3 Jun 85).....	1
GUANGMING RIBAO Discusses Studying, Applying Economic Levers (Ma Baio; GUANGMING RIBAO, 29 Jun 85).....	4
PRC Columnist on China's Need for Entrepreneurs (Gao Shi; CHINA DAILY, 5 Jul 85).....	6
Industry, Transportation Show Steady Growth (XINHUA, 13 Jul 85).....	8
Commercializing Urban Infrastructures Advocated (XINHUA, 14 Jul 85).....	10
Briefs	
Urban Housing Survey	12
Inscription for Food Producers	12

PROVINCIAL AFFAIRS

LIAONING Report on Economic, Social Development (LIAONING RIBAO, 23 Mar 85).....	13
Nei Monggol Financial Department Report Viewed (NEIMENGGU RIBAO, 25 Apr 85).....	16
1984 Accounts, by Li Xinquan	16
Further Report	17
Nei Monggol Planning Commission Report on Industry, Agriculture (NEIMENGGU RIBAO, 25 Apr 85).....	18

Nei Monggol Planning Commission Chairman Views 1985 Goals (NEIMENGGU RIBAO, 25 Apr 85).....	19
Xiang Nan, Others Inspect Eastern Fujian (FUJIAN RIBAO, 20 Jun 85).....	20
Gansu Secretary Tours South China To Gain Experience (Zhang Shusheng; RENMIN RIBAO, 23 Jun 85).....	22
Anhui Commodity Prices Inspection Concluded (Anhui Provincial Service, 25 Jun 85).....	27
Gansu Central Economic Group Completes Investigation (Gansu Provincial Service, 26 Jun 85).....	28
Briefs	
Liaoning Official on Taxes	29
Zhejiang Economic Meeting	29
ECONOMIC DEVELOPMENT ZONES	
Dalian Favorable for More Foreign Investment (XINHUA, 20 Jun 85).....	30
Briefs	
Tianjin Gains Efficiency	32
ECONOMIC PLANNING	
Chongqing's New Mayor Discusses City's Primary Tasks (ZHONGGUO XINWEN SHE, 22 Jun 85).....	33
State Council Policy Encourages Minority Business (XINHUA, 14 Jul 85).....	36
ECONOMIC MANAGEMENT	
Monetary Control Key to Macroeconomic Control (Luo Jingfen; JINGJI GUANLI, No 5, 5 May 85).....	39
Transport, Communication Problems Hampering Development (Olivia Sin; SOUTH CHINA MORNING POST, 3 Jul 85).....	41
Xizang Audit Bureau Investigates Misuse of Funds (Xizang Regional Service, 5 Jul 85).....	46
Beijing To Strengthen Study of New Problems (Ou Qinglin, Shao Quan; XINHUA Domestic Service, 6 Jul 85)...	45
State Economic Commission To Inspect Product Quality (XINHUA, 13 Jul 85).....	47

Briefs	
Henan Key Projects	48
FINANCE AND BANKING	
Third-Step Reform in Substitution of Tax Payment for Profit Delivery	
(Shen Peijun; JINGJIXUE ZHOUBAO, No 20, 19 May 85).....	49
Importance of Strengthening Macro-Financial Work	
(Zhu Tianshun; JINGJIXUE ZHOUBAO, No 22, 2 Jun 85).....	51
GUANGMING RIBAO Discusses Origin of Joint-Stock System	
(Wang Ping; GUANGMING RIBAO, 15 Jun 85).....	56
Yunnan Circular on Scale of Investment in Fixed Assets	
(Yunnan Provincial Service, 26 Jun 85).....	58
Xizang Audit Bureau Investigates Misuse of Funds	
(Xizang Regional Service, 5 Jul 85).....	59
Briefs	
Peasant Credit Cooperative Shareholders	60
MINERAL RESOURCES	
Briefs	
Rich Graphite, Zeolite Deposits	61
INDUSTRY	
Steel Firm Keeps Production While Upgrading	
(XINHUA, 30 Jun 85).....	62
CONSTRUCTION	
Use of Modern Building Materials Benefits Tibet	
(XINHUA, 2 Jul 85).....	64
Briefs	
Shanghai City Construction	65
DOMESTIC TRADE	
Service Trade Flourishes in Rural Areas	
(XINHUA, 9 Jul 85).....	66
Henan Hosts 4th Congress of Supply, Marketing Cooperatives	
(Henan Provincial Service, 26 Jun 85).....	67

Beijing Experiences Copious Watermelon Supply (XINHUA, 11 Jul 85).....	68
Briefs	
Anshan Factory Promotes Sales	69
Liaoning Rural Trade Market	69
FOREIGN TRADE AND INVESTMENT	
Henan To Announce Projects, Foreign Cooperation (XINHUA, 17 Jun 85).....	70
Briefs	
Dalian Tourist Zone Under Construction	72
Jiangsu To Form Trading Company	72
Guangzhou Attracting More Foreign Investment	72
Insurance Business Increased	73
Qingdao Tourist Preparations	73
Bamboo Forest Developed	73
Muslim Development Corporation Founded	74
Increased Foreign Funds in Shanghai	74
SPECIAL ECONOMIC ZONES	
Fujian's Xiamen SEZ To Spend More on Development (XINHUA, 30 Apr 85).....	75
Briefs	
Xiamen SEZ Vocational Education	77
LABOR AND WAGES	
Wage System of Enterprises Should be Gradually Reformed (Huang Jian; SHIJIE JINGJI DAOBAO, 27 May 85).....	78
Xiang Nan Addresses Trade Union Meeting Opening (FUJIAN RIBAO, 30 May 85).....	81
Wan Shaofen, Others Call on Self-Employed Laborers (Jiangxi Provincial Service, 5 Jul 85).....	84
Briefs	
Yun Inscribed Logotype	85
TRANSPORTATION	
Transport Problems Hamper Trades Development (Zhang Songtao; CHINA DAILY, 13 Jun 85).....	86
Sichuan Sets Up Communications, Transport Association (Sichuan Provincial Service; 11 Jul 85).....	88

Briefs	
Fleet Ships Reviewed	89
Dalian-Hong Kong Freighter	89
Xian-Hangzhou Air Route	89
CAAC Transportation Tasks	89
Airport Expansion Work	90
Shanghai CAAC Orders Airbuses	90

PUBLICATIONS

Hao Jianxiu Inscribes for Fashion Magazine (Li Anding; XINHUA Domestic Service, 5 Jul 85).....	91
---	----

Briefs	
RENMIN RIBAO Overseas Edition	92

TAIWAN

Sino-Franco Economic Conference Closes in Paris (CNA, 20 Jun 85).....	93
--	----

HONG KONG MEDIA ON CHINA

Reduced Bank Loans Will Jeopardize Economic Development (MING PAO, 10 Jun 85).....	94
Guangdong, Fujian To Have China's First Regional Banks (Tan Danhui; WEN WEI PO, 31 May 85).....	96
Xiamen Establishes China's First Joint Venture Bank (TA KUNG PAO, 20 Jun 85).....	98

HONG KONG ECONOMIC TRENDS

Hong Kong Economy Heading Toward Stability, Prosperity (Zhou Shan; JINGJI GUANLI, No 4, 5 Apr 85).....	100
Ninety Percent of 50 Leading World Banks Operate in Hong Kong (TA KUNG PAO, 3 Jun 85).....	105
Closedown of Overseas Trust Bank Ordered (WEN WEI PO, 7 Jun 85).....	108
Hong Kong Government Takes Over Overseas Trust Bank (WEN WEI PO, 8 Jun 85).....	110

**Hong Kong Banking Corporation Takes Over Industrial and
Commercial Bank**

(TA KUNG PAO, 12 Jun 85)..... 112

8 August 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Commodity Economy in Underdeveloped Areas Discussed (JINGJI CANKAO, 5 Apr 85).....	1
Economic Responsibility System Stimulates Vitality (Li Jing; JINGJI GUANLI, No 5, 5 May 85).....	3
Commodity Price Bureau Director on Price Reform in 1985 (JINGJI CANKAO, 13 Apr 85).....	10
JINGJI RIBAO on Western PRC's Development Problems (Liu Zaixing; JINGJI RIBAO, 3 Jul 85).....	16
State Economic Commission on Quality Inspection (Xu Yaozhong; XINHUA Domestic Service, 19 Jul 85).....	19
Trends of Business Development in Contemporary China Discussed (Zhang Yanning; QIYE GUANLI, No 4, 5 Apr 85).....	22
Ten Trends of Enterprise Development Discussed (Shen Xiaojie; QIYE GUANLI, No 4, 5 Apr 85).....	26

PROVINCIAL AFFAIRS

Zhejiang 1985 Development Plan: Excerpts (Cheng Jingye; ZHEJIANG RIBAO, 16 Jun 85).....	33
Fujian Province Report on 1984, 1985 Budgets (Zhou Baoyuan; FUJIAN RIBAO, 13 May 85).....	44
Shanxi: Bai Qingcai's Government Work Report (Bai Qingcai; RIBAO, 16 May 85).....	54

Governor on Liaoning's Industrial Modernization (XINHUA, 3 Jul 85).....	79
Xizang Engineer Reviews Region's Progress (XINHUA, 3 Jul 85).....	80
Xizang Households Take Up Commodity Production (XINHUA, 11 Jul 85).....	82
Government Work Report on Xizang Regional Government Chairman (Xizang Regional Service, 19-21 Jul 85).....	84
Restructuring Production Stressed	84
Issues in Reforms, Opening Up	86
Economic Issues Discussed	89
Guangzhou Tells Fly-by-Night Companies To Shut Down (ZHONGGUO XINWEN SHE, 18 Jul 85).....	92
Briefs	
Governor Criticizes Reforms	93
Beijing Bonus Taxes	93
Beijing Commercial, Service Centers	93
Shandong Individual Economy	93
ECONOMIC PLANNING	
Shanxi Governor on Economic Development Strategy (Wang Senhao; SHANXI RIBAO, 29 Jun 85).....	94
ECONOMIC MANAGEMENT	
Xian Torn Between Industrialization, Culture (XINHUA, 5 Jul 85).....	99
Beijing Infrastructure Improvement Devised (XINHUA, 7 Jul 85).....	101
Controlling Scale of Capital Investment Stressed (RENMIN RIBAO, 8 Jul 85).....	102
FINANCE AND BANKING	
People's Bank of China Director Interviewed (JINGJI RIBAO, 6 Jun 85).....	104
INDUSTRY	
Textile Industry, Fashion Discussed (XINHUA, 6 Jul 85).....	106

Briefs		
Semiannual Steel Production Plan Prefulfilled		107
China's Plastics Industry		107
CONSTRUCTION		
New Picture of Guangdong Province Painted by Governor (GUANGZHOU RIBAO, 15 May 85).....		108
PRC Introduces Bidding for Key Projects (CHINA DAILY, 13 Jul 85).....		110
DOMESTIC TRADE		
Creation of Trade Centers for Industrial Products Discussed (Li Fan, Cao Xueshun; SHEHUI KEXUE, No 3, 15 Mar 85).....		111
LABOR AND WAGES		
Wage Reform Involves More Than a Pay Raise (Li Tianzhu, Han Wei; GONGREN RIBAO, 10 May 85).....		118
Taxation of Overtime Pay Discussed (GONGREN RIBAO, 12 May 85).....		120
TRANSPORTATION		
Liaoning Port Launches Big Development Plan (XINHUA, 6 Jul 85).....		122
Number of Electrified Railway Lines Increased (CHINA DAILY, 11 Jul 85).....		124
CAAC Plans Improvements in Civil Aviation (XINHUA, 13 Jul 85).....		125
PRC's Ocean Shipping Discussed (XINHUA, 15 Jul 85).....		126
Briefs		
Deep-Water Wharf Opens		127
Railway Transportation Record		
HONG KONG ECONOMIC TRENDS		
Reclassification of Hong Kong's Banking Institutions Discussed (Editorial; JINGJI DAOBAO, 3 Jun 85).....		128

9 August 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Journal on Separating Government, Enterprise Functions (Xiao Liang; JINGJI GUANLI, No 5, 5 May 85).....	1
GUANGMING RIBAO on Role of Market Mechanism (Liu Lielong; GUANGMING RIBAO, 6 Jul 85).....	7
GUANGMING RIBAO Discusses Overreliance on Imported Technology (ZHONGGUO XINWEN SHE, 4 Jul 85).....	9
Reselling Items for Profit Reported 'Serious' in China (ZHONGGUO XINWEN SHE, 29 Jun 85).....	10
PRC Economic Research Reviewed, Previewed (Liu Guoguang; RENMIN RIBAO, 1 Jul 85).....	11
PRC Journal's Survey Highlights Problems of Postal Service (CHINA DAILY, 9 Jun 85).....	15
Briefs National Housing Survey	17

PROVINCIAL AFFAIRS

Hubei Holds Meeting on Assisting Old Soviet Areas (Hubei Provincial Service, 7 Jul 85).....	18
Liaoning Finance Department Director's Work Report (LIAONING RIBAO, 23 Mar 85).....	19

Heilongjiang Report on 1984 Final Accounts and 1985 Budget (He Shoulun; HEILONGJIANG RIBAO, 27 May 85).....	23
Shandong Financial Report on Accounts, Budget (Guo Changcai; DAZHONG RIBAO, 7 Jun 85).....	40
Hebei Holds Meeting on Reforming Statistical Work (Hebei Provincial Service, 26 Jun 85).....	50
Fujian Adopts Economic Development Program (FUJIAN RIBAO, 13 May 85).....	51
Zhejiang Governor Calls for Developing Cooperation (ZHEJIANG RIBAO, 17 Jun 85).....	63
Seven Liaoning Cities Coordinate Development (XINHUA, 6 Jul 85).....	65
Jilin Governor Discusses 1985 Reform, Economic Construction (JILIN RIBAO, 27 May 85).....	67
Xizang Concludes Consultative Meeting on 7th 5-Year Plan (Xizang Regional Service, 2 Jul 85).....	69
Jilin Governor Speaks on Reform of Macroeconomy (JILIN RIBAO, 28 May 85).....	70
Guangdong Criticizes Imposition of Charges on Individual Businesses (Guangdong Provincial Service, 8 Jul 85).....	71
Heilongjiang's Li Lian Inspects Daxinganling Forest Zone (Heilongjiang Provincial Service, 3 Jul 85).....	72
Free-Sale Apartments Sell Well in Zhejiang (XINHUA, 6 Jul 85).....	73
Guangdong CPC Standing Committee Member Writes on Mountainous Areas (Guangdong Provincial Service, 7 Jul 85).....	74
Briefs	
Sichuan Readjusts Leadership Groups	76
Zhejiang Governor Meets Scientists	76
Hubei City Food Departments	76

ECONOMIC PLANNING

Xian Economic Development Strategy Seminar Opens (Shaanxi Provincial Service, 29 Jun 85).....	77
--	----

AGGREGATE ECONOMIC DATA

Chongqing City Reports Economic Progress (Sichuan Provincial Service, 5 Jul 85).....	78
---	-----------

ECONOMIC MANAGEMENT

PRC Journal on Measures To Invigorate Enterprises (Kuang Ji; KAIFANG, No 6, 8 Jun 85).....	79
JINGJI RIBAO on New Cooperative System (Wang Yiju, Ruan Shifeng; JINGJI RIBAO, 27 Jun 85).....	85
PRC Forum Discusses Financial System Reform (GUANGMING RIBAO, 29 Jun 85).....	88
GUANGMING RIBAO Views Economy of Open Cities, Economic Zones (GUANGMING RIBAO, 29 Jun 85).....	91
Forum Discusses Control of Economic Growth (GUANGMING RIBAO, 29 Jun 85).....	93

Gansu Formulates Regulations on Selling Gold Ornaments (Gansu Provincial Service, 26 Jun 85).....	112
INDUSTRY	
PRC Paper Interviews Armand Hammer on Coal Mine (RENMIN RIBAO, 3 Jul 85).....	113
DOMESTIC TRADE	
RENMIN RIBAO Calls for Cracking Down on Counterfeit Goods (ZHONGGUO XINWEN SHE, 9 Jul 85).....	116
Briefs Lianyungang To Boost Economy	117
FOREIGN TRADE AND INVESTMENT	
Sino-Japanese Economic Laws Symposium Opens in Qingdao (Shandong Provincial Service, 22 Jul 85).....	118
55 Percent Increase in Visitors to PRC in First Half of 1985 (Liu Dizhong; CHINA DAILY, 24 Jul 85).....	119
SPECIAL ECONOMIC ZONES	
Briefs SEZ Attracts Foreign Investors	121
LABOR AND WAGES	
Briefs Shanghai Information Worker's Association	122
TRANSPORTATION	
Air Force Builds Airport at Shengli Oil Field (ZHONGGUO XINWEN SHE, 4 Jul 85).....	123
Mao Zhiyong on Problems in Hunan Road Widening (Hunan Provincial Service, 5 Jul 85).....	124
State Council on Illegal Highway Practices (XINHUA Domestic Service, 10 Jul 85).....	125
Briefs Local Railways	128
CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS	
Hungarian Industry's Performance Sparks Concern (Zhou Dongyao; XINHUA, 16 Jul 85).....	129

PUBLICATIONS

Briefs

Shanghai Paper Masthead

131

ABSTRACTS

COMPARATIVE ECONOMY

SHIJIE JINGJI [WORLD ECONOMY] No 4, 10 Apr 85..... 132

ECONOMETRICS

**SHULIANG JINGJI JISHU JINGJI YANJIU [QUANTITATIVE AND TECHNICAL
ECONOMICS] No 12, Dec 84)..... 133**

ECONOMIC MANAGEMENT

**NONGYE JINGJI WENTI [PROBLEMS OF AGRICULTURAL ECONOMICS] No 2,
23 Feb 85)..... 134**

13 August 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

NATIONAL POLICY AND ISSUES

Analysis of PRC Current Economic Situation--Certain Corrections (Yue Bing; JINGJI YANJIU, No 5, 20 May 85)	1
Economic Journal on Development of Small Towns (Ye Kelin, Chen Guang; JINGJI YANJIU, No 5, 20 May 85)	2
JINGJI RIBAO on Forthcoming Development Symposium (XINHUA, 3 Jul 85)	13
GUANGMING Article on Comprehensive Financial System (Xu Yi; GUANGMING RIBAO, 6 Jul 85)	14
National Production Safety Meeting Held in Liaoning (Liaoning Provincial Service, 16 Jul 85)	17
PRC Factory Directors Discuss Interests of State, Workers (CHINA DAILY, 18 Jul 85)	18
Large-Scale Enterprises in Western PRC Face Challenges (CHINA DAILY, 18 Jul 85)	21
Briefs Investment Problems, Measures	23

PROVINCIAL AFFAIRS

Zhejiang's Xue Ju Reports on Government Work (Xue Ju; ZHEJIANG RIBAO, 15 Jun 85)	24
Guangdong's Industrial Output, Economic Results Increase (Jiang Shunzhang; XINHUA, 11 Jul 85)	51

ECONOMIC DEVELOPMENT ZONES

Nantong Improves Facilities for Foreign Investors (XINHUA, 20 Jul 85)	53
--	----

ECONOMIC MANAGEMENT

Jilin Issues Circular on General Price Survey Plans (Jilin Provincial Service, 10 Jul 85)	54
--	----

FINANCE AND BANKING

Nei Monggol Finance Department Report on Revenues (NEIMENGGU RIBAO, 25 Apr 85)	55
---	----

State Council Promulgates Bonus Tax Rules (XINHUA, 11 Jul 85)	58
--	----

Hubei State Enterprises Deliver Tax on Bonuses (Hubei Provincial Service, 17 Jul 85)	61
---	----

Guangdong Bank Withdraws Currency From Circulation (Guangdong Provincial Service, 18 Jul 85)	62
---	----

Hubei Reports Success in Withdrawing Currency (Hubei Provincial Service, 19 Jul 85)	63
--	----

Qinghai Withdraws Currency From Circulation (Qinghai Provincial Service, 20 Jul 85)	64
--	----

Shaanxi Banks Recover Loans From Rural Enterprises (Shaanxi Provincial Service, 20 Jul 85)	65
---	----

Briefs	
Sichuan Peasants Deposit Money	66
Qinghai Savings Deposits Increase	66
Hainan Bank Controls Loans	66
Henan State Treasury Funds	66
Beijing Treasury Bond Subscription	67
Beijing Currency Circulation	67

MINERAL RESOURCES

Briefs	
Qinghai Gold Production	68
Nei Monggol Gold Production	68

INDUSTRY

Shenyang To Retool Major Machine Tool Plants (XINHUA, 6 May 85)	69
--	----

Zhao Minsheng Speaks at Machine Building Industry Meeting (XINHUA, 9 Jul 85)	70
PRC Motorcycle Industry To Be Developed (CHINA DAILY, 7 Jul 85)	71
PRC Motorvehicle 1985 Production Increase (XINHUA, 15 Jul 85)	72
Briefs	
Nei Monggol Industrial Production	73
CONSTRUCTION	
Gao Di Convenes On-Spot Construction Site Meeting (Jilin Provincial Service, 17 Jul 85)	74
DOMESTIC TRADE	
Virtues of Itemizing Purchases Discussed (Ding Qiwen; XUEXI YU YANJIU, No 12, 5 Dec 84)	76
Briefs	
Controlling False Advertising	80
FOREIGN TRADE AND INVESTMENT	
Shanghai Bell Telephone Joint Venture Described (GUOJI MAOYI, No 2, 27 Feb 85)	81
Rebuttal to Saying: China Used as Capitalist Dumping Ground (Tan Si; XUEXI YU YANJIU, No 5, 5 May 85)	84
Official on Controls on Hong Kong Bound Goods (Wang Yixia; GUOJI SHANGBAO, No 25, 27 Jun 85)	87
Joint Brewery Venture Contract Signed With French (XINHUA, 12 Jul 85)	89
PRC Suspends Plans To Buy Foreign TV Satellites (AFP, 15 Jul 85)	90
Foreign Funds Improve Tianjin Service Facilities (XINHUA, 16 Jul 85)	91
Shenzhen Economic Zone Development Figures (XINHUA, 19 Jul 85)	92
Investment Society Holds Seminar for Experts (XINHUA, 19 Jul 85)	94

Shenzhen Invests Warehouse Development (ZHONGGUO XINWEN SHE, 19 Jul 85)	95
Bids for Yunnan Province Power Project Opens (XINHUA, 19 Jul 85)	96
Li Peng on Sino-Canadian Economic Ties (Zhao Zhongqiang, Mao Yuanchun; XINHUA Domestic Service, 20 Jul 85)	97
More Autonomy Helps Improve Hotel Service (XINHUA, 20 Jul 85)	99
Ways To Attract Overseas Chinese, Hong Kong Capital (Lin Bin; GUANGZHOU YANJIU, No 2, Mar-Apr 85)	100
Briefs	
Barter Agreement With Poland	105
Brewery Technology Accord	105
SPECIAL ECONOMIC ZONES	
Tax Policy, Structure for Xiamen Discussed (Geng Jianhua; FUJIAN LUNTAN, No 4, 5 Apr 85)	106
Notion That SEZ's Are Revival of Concessions Refuted (Zheng Baoyin; XUEXI YU YANJIU, No 5, 5 May 85)	112
LABOR AND WAGES	
Worker's Home Campaign Makes Progress (Zhang Foyou; GONGREN RIBAO, 5 Jun 85)	116
TRANSPORTATION	
Guangdong To Expand Huangpu Harbor Facilities (M. F. Lock; HONG KONG STANDARD, 9 Jul 85)	121
Hong Kong Paper on Zhanjiang Port Efforts To Expand Use (Olivia Sin; SOUTH CHINA MORNING POST, 15 Jul 85)	122
Xinjiang Projects Include Railroad To Connect With Soviet Rail System (Chen Guangfeng; CHINA DAILY, 18 Jul 85)	125
Briefs	
Tianjin Harbor Container Shipping	127
Yanji Civil Aviation Facility	127
Guangdong Highway Construction	127
Guangdong Railroad Bureau Regulations	127
Civil Aviation Administration Posts Gains	128

CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

Poland's Economic Reforms of 1970's Discussed (Wei Zhen; XUEXI YU YANJIU, No 5, 5 May 85)	129
---	------------

PUBLICATIONS

Briefs Fujian Periodical	135
---	------------

15 August 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

- JINGJI YANJIU Reviews China's Economic Theories
(JINGJI YANJUI, No 6, 20 Jun 85)..... 1

- Journal on Price Changes, Price Index
(Zhang Yigeng; JINGJI YANJIU, No 5, 20 May 85)..... 25

PROVINCIAL AFFAIRS

- Hebei Governor's Report on Government Work
(Zhang Shuguang; HEBEI RIBAO, 28 Jun 85)..... 39

- Jilin Draft Report on Economic, Social Development
(Liu Quilin; JILIN RIBAO, 8 Jun 85)..... 61

ECONOMIC DEVELOPMENT ZONES

- Mayor of Qinhuangdao on City's Plans
(Zhang Wu, Huai Liang; ZHONGGUO XINWEN SHE, 27 Jun 85). 73

ECONOMIC MANAGEMENT

- Role, Function of Management in Modernization
(He Zhongxiu; LIAOWANG [OUTLOOK WEEKLY], No 17,
29 Apr 85)..... 75

CONSTRUCTION

Capital Construction Booming in Xizang (XINHUA, 20 Jul 85).....	81
--	----

DOMESTIC TRADE

Various Chinese Jurisdictions Open Firms in Shanghai, Wuhan (SHIJIE JINGJI DAOBAO, 10 Jun 85).....	83
Guizhou Hosts Meeting on Transprovincial Cooperation (Guizhou Provincial Service, 2 Jul 85).....	85

FOREIGN TRADE AND INVESTMENT

Guangdong Team To Observe Hong Kong Stock Market (Zhang Xu; ZHONGGUO XINWEN SHE, 8 Jul 85).....	86
RENMIN RIBAO Lists 98 Cities, Counties Open to Foreigners (RENMIN RIBAO, 2 Jul 85).....	88
Briefs	
Economic Law Office	90
Shanghai Exports	90
Governor Stresses Foreign Trade	90

SPECIAL ECONOMIC ZONES

Briefs	
Zhuhai City Export Measures	91

LABOR AND WAGES

Forum on Enterprise Wage Reform (LIAOWANG [OUTLOOK WEEKLY], No 17, 29 Apr 85).....	92
Thousands of Workers' Homes Built (Meng Qingyong; GONGREN RIBAO, 2 Jun 85).....	97

TAIWAN

President Sends Message to Development Seminar (CNA, 22 Jul 85).....	99
Premier Notes Challenges to Development Seminar (CNA, 22 Jul 85).....	100
Company Suspends Operations After PRC Cancels Order (AFP, 18 Jul 85).....	102

Export Orders Down Overall in June (CNA, 23 Jul 85).....	104
---	-----

Briefs	
Trade Ties With Europe	105

HONG KONG MEDIA ON CHINA

New PRC Import Taxes Enacted To Fight Goods Resale (Lau Wai-kong; SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement), 16 Jul 85).....	106
Special Economic Zones Are Profitable (Tim Hamlett, et al.; STANDARD, 21 Jul 85).....	108
Pro-Singapore Joint Hotel Venture in Tianjin (Chito Santiago; HONG KONG STANDARD (BUSINESS STANDARD Supplement), 2 Jul 85).....	111

HONG KONG ECONOMIC TRENDS

Economic Outlook for Hong Kong in 1985 (Wang Shilin; GUOJI MAOYI [INTERTRADE], No 5, 27 May 85).....	113
PRC Foreign Exchange Restrictions Affecting Hong Kong Re-Exports (Peter Robinson; SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement), 16 Jul 85).....	115
Hong Kong Trade Unions Aim To Form Group on Basic Law (HONG KONG STANDARD, 21 Jul 85).....	117
Exports to Asia-Pacific Region Up 26 Percent (Paul Baran; SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement), 15 Jul 85).....	119
Paper Reports on Modernization of Knitwear Industry (Ernie Pereira; HONG KONG STANDARD (BUSINESS STANDARD Supplement), 22 Jul 85).....	121
Hong Kong Banks Cut Prime Rate by One Percent (Tony Measor; HONG KONG STANDARD, 14 Jul 85).....	124

19 August 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Maintain Good Environment for Economic Reform (Wu Jinglian; JINGJI YANJIU, No 5, 20 May 85)	1
JINGJI YANJIU on New Type of Cooperative Economy (Liu Yuyong; JINGJI YANJIU, No 5, 20 May 85)	20
Yuan Bachua Stresses Increased Quality Control (XINHUA Domestic Service, 18 Jun 85)	27
GUANGMING RIBAO on Structure of Ownership System (Liang Zhao; GUANGMING RIBAO, 17 Jun 85)	28
Rural Industry Restructuring Shows Results (XINHUA Domestic Service, 27 Jun 85)	32

PROVINCIAL AFFAIRS

TIANJIN Article on Current Economic Situation (Rui Yu; TIANJIN RIBAO, 21 May 85)	34
Anhui Governor on Running Urban Enterprises (Anhui Provincial Service, 27 Jun 85)	37
Shanghai's Rui Xingwen Addresses Urban Planners (Shanghai City Service, 7 Jul 85)	38
Briefs	
W. China Economic Information Association	39
Jiangxi Rural Enterprise Income	39
Henan's Industrial Output Value	39
Guangdong Industrial Production Increases	39
Qinghai Industrial Production Increases	40

ECONOMIC DEVELOPMENT ZONES

Briefs

Economic Zone Meeting Ends	41
----------------------------	----

ECONOMIC PLANNING

Wang Shenhao on Shanxi's Seventh 5-Year Plan (SHANXI RIBAO, 3 Jul 85)	42
Jiangxi's Bai Dongcai Economic Meeting (Jiangxi Provincial Service, 14 Jul 85)	46
Beijing Mayor Sees Need for More Shops, Services (XINHUA, 14 Jul 85)	47

ECONOMIC MANAGEMENT

GUANGMING RIBAO Discusses Use of Economic Levers (Ning Jizhe; GUANGMING RIBAO, 15 Jun 85)	48
Gansu Secretary Calls for Developing Hexi Area (Gansu Provincial Service, 27 Jun 85)	52
Workers Contribute Ideas for Anshan Renovation (XINHUA, 21 Jul 85)	53
Sichuan Meeting on Economic Work in Hilly Areas (Sichuan Provincial Service, 15 Jul 85)	54
Briefs	
Anhui Steel Technology	55
Jiangsu Light Industrial Exports	55
Gansu Diffuses Production	55
Rural Joint Enterprises	56

FINANCE AND BANKING

Illegal Foreign Exchange Arbitrage Investigated (XINHUA Domestic Service, 21 Jul 85)	57
PRC Forum Discusses Stock Market, Raising Funds (GUANGMING RIBAO, 29 Jun 85)	59
Gansu Banks Issue Circular on Control of Investment Funds (Gansu Provincial Service, 10 Jul 85)	61
PRC To Boost Gold Production by Raising Purchase Price (Liu Dizhong; CHINA DAILY, 12 Jul 85)	62
Guizhou Raises Funds for Capital Construction (Guizhou Provincial Service, 12 Jul 85)	64

Hunan Bank Notes Bid Withdrawals for Administrative Funds (Hunan Provincial Service, 14 Jul 85)	65
Briefs	
Increased Deposits Reported	66
MINERAL RESOURCES	
Vice Minister Addresses National Gold Meeting (XINHUA Domestic Service, 11 Jul 85)	67
Biggest Rare Earth Production Begins Operation (XINHUA, 20 Jul 85)	68
INDUSTRY	
Briefs	
Xining's Industrial, Communications Output	69
Gansu Industrial, Communications Production	69
Xinjiang Industrial Production	69
Steel Output in 1985	69
CONSTRUCTION	
Capital Construction Proceeds Well in First Half (XINHUA, 25 Jul 85)	70
Briefs	
Shanghai Construction for Xizang	71
DOMESTIC TRADE	
Lanzhou City, 2 Gansu Prefectures Sign Cooperation Pact (Gansu Provincial Service, 10 Jul 85)	72
Heilongjiang-Dalian Cooperation Boosts Economic Development (Heilongjiang Provincial Service, 12 Jul 85)	73
Guangzhou Consumers' Committee Solves Cases (XINHUA, 17 Jul 85)	75
FOREIGN TRADE AND INVESTMENT	
Opportunities for Exports in 1985 Discussed (Song Tao; GUOJI MAOYI, No 5, 27 May 85)	77
Ways To Improve Negotiations With Foreigners (Wang Nianzu; GUOJI MAOYI, No 5, 27 May 85)	81
Questions on China's Patent Law Answered (Dong Shizhong; GUOJI MAOYI, No 5, 27 May 85)	83

Measures To Develop Three Coastal Zones (GUOJI MAOYI, No 5, 27 May 85)	88
1984 Achievements, Remaining Problems of Commodity Inspection (Zhu Zhenyuan; GUOJI MAOYI, No 5, 27 May 85)	92
Forum Stresses Development of Hainan Island (Wang Guoxiong; HAINAN RIBAO, 17 Jun 85)	97
Swedes View Business Obstacles, Chinese Air Expectations (Goran Leijonhufvud; DAGENS NYHETER, 24 Jun 85)	99
Domestic, Overseas Insurance Business Flourishes (XINHUA, 27 Jun 85)	103
Shenyang Company Imports Foreign Technology (XINHUA, 1 Jul 85)	104
Patents Increase Since Draft Law Implemented (XINHUA, 2 Jul 85)	105
PRC Ministry Official on Investment Abroad (Feng Xiao; RENMIN RIBAO OVERSEAS EDITION, 3 Jul 85)	106
Preferential Treatment for Foreign Investors (RENMIN RIBAO OVERSEAS EDITION, 4 Jul 85)	108
XINHUA Reviews Tourism Industry in Xizang (XINHUA, 6 Jul 85)	109
Guangdong Factory Assimilating New Technology (Guangdong Provincial Service, 9 Jul 85)	111
Overseas RENMIN RIBAO on Power for Open Cities (XINHUA, 11 Jul 85)	112
Hebei Seminars Held in Hong Kong, Shenzhen Sez (XINHUA, 11 Jul 85)	113
PRC Opens More Locations to Foreigners (Ning Yanming; CHINA DAILY, 11 Jul 85)	114
Nonferrous Metals Corporations Exports Surge (XINHUA, 10 Jul 85)	115
PRC Seeks Foreign Help in Exploiting Nonferrous Metals (Xu Yuanchao; CHINA DAILY, 12 Jul 85)	116
Briefs	
Exhibit Center Set Up	117
Investment Corporation Set Up	117
Chongqing Special Customs Broker	117

Contract Disputes	118
Packing Rules Issued for Exports	118
Trade Delegation Visits Sierra Leone	118
Zhejiang World Bank Loan	118
Jiangsu Foreign Trade Firm	119
Wang Daohan at Meeting	119
Leaders Inspect Production Line	119
Gansu Signs Contract	119
Hainan To Sell Imported Commodities	120
Bingqian Writes Investment Society	120
SPECIAL ECONOMIC ZONES	
Shenzhen Mayor Describes Area's Success (XINHUA, 7 Jul 85)	121
Briefs	
Credit Cards Issued	123
LABOR AND WAGES	
Chongqing Factory Manager Fired for Assaulting Union Leader (CHINA DAILY, 18 Jul 85)	124
Briefs	
Li Lian Visits Labor Model	125
TRANSPORTATION	
Journal on Improving Foreign Trade Transportation (Zhang Songtao; JINGJI YANJIU, No 5, 20 May 85)	126
Coordinated Development of Transportation Stressed (Wang Haitao; GUANGMING RIBAO, 12 Jul 85)	133
Development of Expressways Stressed (Tang Jie; GUANGMING RIBAO, 12 Jul 85)	136
Briefs	
Chengdu Bureau Plans More Airports	138
Hainan Builds, Repairs Highways	138
Hubei Railway Bottleneck	138
Jiangsu Sea Transport	139
Traffic Work Conference Ends	139
PUBLICATIONS	
XINHUA To Publish World Business Reference Book (XINHUA, 10 Jul 85)	140

22 August 1985

CHINA REPORT
ECONOMIC AFFAIRS
ENERGY: STATUS AND DEVELOPMENT -- 41

CONTENTS

NATIONAL POLICY

- Nation Registers an Across-the-Board Energy Increase**
 (Liu Dizhong; CHINA DAILY, 14 Jul 85)..... 1
- Primary Energy Output Reflects Healthy Growth**
 (Zhang Heping; RENMIN RIBAO OVERSEAS EDITION, 12 Jul 85).. 3

POWER NETWORK

- Sichuan Official Promotes Growth of Small-Scale Power Facilities**
 (Niu Bo; SICHUAN RIBAO, 13 May 85)..... 5
- Greater Effort Mounted To Supply Power to Coastal Regions**
 (Xu Yuanchao; CHINA DAILY, 21 Jul 85)..... 6
- Briefs**
Guangdong Imports Diesel Units..... 8

HYDROPOWER

- Success of Gezhouba Project Underlined**
 (GUANGMING RIBAO, 25 Jun 85)..... 9
- Accelerating Development of Hongshui Valley**
 (Qian Shengying; SHUILI FADIAN [WATER POWER], No 5,
 12 May 85)..... 11
- Preliminary Work on Three Gorges Actively Under Way**
 (SHUILI FADIAN [WATER POWER], No 5, 12 May 85)..... 15
- Manwan Hydropower Station Detailed**
 (Gui Zhugong; SHUILI FADIAN [WATER POWER], No 5,
 12 May 85)..... 18

Problems With Hydraulic Projects in Hunan Examined (SHUILI SHUIDIAN JISHU [WATER RESOURCES AND HYDROPOWER ENGINEERING], No 1, 20 Jan 85).....	21
Planning of Cascade Stations on the Maotiao He Detailed (Guan Weiqing; SHUILI SHUIDIAN JISHU [WATER RESOURCES AND HYDROPOWER ENGINEERING], No 9, 20 Sep 84).....	43
Computer Applications in Water Conservancy and Hydropower Engineering (Chen Jiming; SHUILI SHUIDIAN JISHU [WATER RESOURCES AND HYDROPOWER ENGINEERING], No 9, 20 Sep 84).....	59
Briefs Xinjiang's Biggest Station Begun	69
THERMAL POWER	
Work on Big Ningxia Project To Begin in 1986 (NINGXIA RIBAO, 30 May 85).....	70
COAL	
Creating A 'Chinese-Style' Coal Industry Economic System (Gao Yangwen; NENG YUAN [JOURNAL OF ENERGY], No 2, 25 Apr 85).....	71
Briefs Jilin Output Up Nei Monggol Deposit	83 83
OIL AND GAS	
Imported Drilling Rigs, Diesels, Pumps To Boost Shengli Output (XINHUA, 9 Jul 85).....	84
Bohai Field Slated for Trial Production by October '85 (XINHUA, 17 Jun 85).....	85
Test Well Proves Qinghai Oil Reserve (XINHUA, 26 Jun 85).....	86
Shanghai Petrochemical Trade Firm Begins Business (XINHUA, 28 Jun 85).....	87
Distribution and Geological Bases Forming Stratigraphic- Lithologic Pools in Tertiary Oil Basins in East China (Hu Jianyi, et al.; SHIYOU XUEBAO [ACTA PETROLEI SINICA], No 2, Apr 84).....	88

Geological Features, Petroleum Potential of Shoyar Uplift, Northern Tarim Basin (Kang Yuzhu, et al.; SHIYOU YU TIANRANQI DIZHI [OIL AND GAS GEOLOGY], No 1, Mar 85).....	106
Coal Gas Resources in North China Evaluated (Zhou Xinxi, et al.; SHIYOU XUEBAO [ACTA PETROLEI SINICA], No 1, Jan 85).....	117
Results of Switch to Pumping in Daqing Fields Reported (Peng Pengshang, Li Kangwei; SHIYOU XUEBAO [ACTA PETROLEI SINICA], No 1, Jan 85).....	119
Briefs	
Shengli Mid-Year Production	119
Jilin Mid-Year Output	119
SUPPLEMENTAL SOURCES	
Xizang Moves Ahead Through Energy Development (XINHUA, 23 Jun 85).....	120
CONSERVATION	
Preliminary Approach To Reforming Energy Conservation Work (Cheng Heping; NENG YUAN [JOURNAL OF ENERGY], No 2, 25 Apr 85).....	122

26 August 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

- GUANGMING RIBAO on Socialist Economic Mechanisms
(Zhao Xinya; GUANGMING RIBAO, 13 Jul 85)..... 1
- Work of State Statistical Bureau in 1985 Reviewed
(TONGJI [STATISTICS], No 3, 17 May 85)..... 4

PROVINCIAL AFFAIRS

- Duojiecaidan on Energy, Transport, Talent
(Xizang Regional Service, 22 Jul 85)..... 10
- Duojiecaidan Discusses Wage, Price Reforms
(Xizang Regional Service, 23 Jul 85)..... 12
- Guangdong Economic Construction
(Liang Lingguang; WUZI GUANLI [MATERIAL MANAGEMENT],
No 5, 20 May 85)..... 14
- Liaoning Provincial CPC Committee Work Report
(Li Guixian; LIAONING RIBAO, 17 Jun 85)..... 19

AGGREGATE ECONOMIC DATA

- National Economic Statistical Data
(TONGJI [STATISTICS], No 3, 17 Mar 85)..... 41

ECONOMIC MANAGEMENT

- Competition Said Necessary for Socialist Commodity Economy
(Nie Delin; JINGJI KEXUE [ECONOMIC SCIENCE], No 2,
20 Apr 85)..... 49

FINANCE AND BANKING

Need To Enforce Tax Laws Emphasized (Editorial; ZHONGGUO SHUIWU [CHINA'S TAXES], No 6, 12 Jun 85).....	55
Excerpts From Beijing Mayor's Speech on Taxation (Chen Xitong; ZHONGGUO SHUIWU [CHINA'S TAXES], No 6, 12 Jun 85).....	58
Rural Tax Policy for Rural, Small Town Enterprises Discussed (Niu Licheng; ZHONGGUO SHUIWU [CHINA'S TAXES], No 5, 12 May 85).....	60
Tax Burden of Rural, Small Town Enterprises Discussed (Mo Tiansong; ZHONGGUO SHUIWU [CHINA'S TAXES], No 5, 12 May 85).....	64
Guangdong's Overseas Insurance Work Reported (Huang Zhongliang, Zeng Xiangwei; GUANGZHOU RIBAO, 14 Jun 85).....	68
Pension Funds, Social Security Discussed (Fu Huazhong; JINGJI RIBAO, 23 Jun 85).....	69
Strengthening Position, Functions of People's Bank (Sheng Mujie; ZHONGGUO JINRONG [CHINA'S BANKING], No 6, 4 Jun 85).....	71
New Instructions for Industrial, Commercial Bank (ZHONGGUO JINRONG [CHINA'S BANKING], No 6, 4 Jun 85).....	76
Agricultural Bank's Measures for Loan Control (Zheng Hui; ZHONGGUO JINRONG [CHINA'S BANKING], No 6, 4 Jun 85).....	78
Control of Capital Construction Loans Tightened (Deng Tingduo; ZHONGGUO JINRONG [CHINA'S BANKING], No 6, 4 Jun 85).....	81
Meeting of Jiangsu People's Congress Deputies on Price Policy (Chen Yubin, Gao Yongyi; XINHUA RIBAO, 14 Jun 85).....	83
Jiangsu Peasants Pay Huge Industrial-Commercial Taxes (Zhou Zhenfeng; XINHUA RIBAO, 15 Jun 85).....	85

ENERGY

Efforts Underway To Formulate Nuclear Energy Standards (XINHUA, 6 Jul 85).....	87
---	----

CONSTRUCTION

- Capital Construction Questions Probed
(Xue Baoding; JINGJI RIBAO, 27 May 85)..... 88

Briefs

- Jiangsu Iron Mine Construction Accelerating 92

FOREIGN TRADE AND INVESTMENT

Briefs

- PRC-FRG Slaughterhouse Joint Venture 93

LABOR AND WAGES

- China's Financial Trade Union Replaces Banking Trade Union
(He Hua; GONGREN RIBAO, 5 Jun 85)..... 94

- Trade Union's Power To Participate in Management Discussed
(Han Guiyou; GONGREN RIBAO, 5 Jun 85)..... 96

TRANSPORTATION

- Ningxia's Li Xuezhi Hears Report on Constructing Helan Shan
Highway
(Yichuan Ningxia Ribao, 12 Jul 85)..... 99

- Construction of Shenyang-Dalian Highway Reported
(Han Bin; GONGLU [HIGHWAY], No 3, 25 Mar 85)..... 100

- Hainan Holds Meeting on Highway Project
(Hainan Island Service, 21 Jul 85)..... 102

- Readjustment of Transportation Structure Discussed
(Lin Xiangwei; GONGLU [HIGHWAYS], No 3, 25 Mar 85)..... 104

- Changes, Progress of China's Railway Network Reported
(Zhang Yangming; JINGJI DILI [ECONOMIC GEOGRAPHY], No 1,
Feb 85)..... 110

- Relaxing Policy Restrictions Involving Ports Discussed
(QIYE GUANLI [ENTERPRISE MANAGEMENT], No 3, 5 Mar 85)..... 121

Briefs

- Shangqiu-Xuzhou Highway Project Update 125
Tianjin Harbor Construction 125
DPRK Port Used 125

HONG KONG MEDIA ON CHINA

Outlook 5 Years After Implementation of Special Policy (Liang Lingguang; JINGJI DAobao [ECONOMIC REPORTER], No 27, 8 Jul 85).....	126
--	------------

HONG KONG ECONOMIC TRENDS

Recent History of Hong Kong's Economic Development Analyzed (Huang Xiaohui; GANG AO JINGJI [HONG KONG AND MACAO ECONOMIC DIGEST], No 3, 25 Mar 85).....	133
--	------------

28 August 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Discussion of China's Economic Development Strategy (Wu Jian, Weng Zhixing; SHIJIE JINGJI, No 6, 10 Jun 85)...	1
PRC Journal on Developing Specialized Production (Sun Xialiang; JINGJI YANJIU, No 6, 20 Jun 85).....	13
New Strategy of Economic Construction Discussed (Zhou Yongjin; JINGJI KEXUE [ECONOMIC SCIENCE], No 2, 20 Apr 85).....	20
Sichuan Official Calls for Curbing Fake Goods (Sichuan Provincial Service, 21 Jul 85).....	29
Henan Holds Teleconference on Counterfeit Commodities (Henan Provincial Service, 29 Jul 85).....	30
Briefs Beijing Illegal Speculation Cases	32

PROVINCIAL AFFAIRS

Shanxi's Strategy for Economic Development (Wang Maolin; JINGJI WENTI [PROBLEMS IN ECONOMICS], No 3, Mar 85).....	33
Village Enterprises Meeting Held in Fujian (Liu Xianpeng; XINHUA, 23 Jul 85).....	43

Huang Jingbo on Improving Poor Districts, Wages (Qinghai Provincial Service, 27 Jul 85).....	45
Xizang Chairman on Economic Successes (XINHUA, 27 Jul 85).....	46
Briefs	
Qinghai Rural Reforms	47
Nei Monggol Township Enterprises	47
Jilin Individual-Run Business	47

ECONOMIC MANAGEMENT

Importance of Management in Business Competition Discussed (Lan Dunhua; QIYE GUANLI [ENTERPRISE MANAGEMENT], No 4, 5 Apr 85).....	48
Xian Holds Meeting on Economic Crimes (Shaanxi Provincial Service, 21 Jul 85).....	53
Official Reveals Products Quality Drive (XINHUA, 23 Jul 85).....	54
Briefs	
Sichuan Measurements, Standards Work	55
Qinghai Talented People	55

FINANCE AND BANKING

Hebei Report on Final Accounts and Budget (Zhou Guoqing; HEBEI RIBAO, 1 Jul 85).....	56
Guangxi Uses Credit Funds To Support Rural Enterprises (Guangxi Regional Service, 22 Jul 85).....	62
Briefs	
Jilin Treasury Bonds	64
Hebei Currency Withdrawal	64
Jilin Tax Revenues	64
Nei Monggol Financial Revenues	64

INDUSTRY

Shanghai's First-Half Industrial Output Up 12.8 Percent Over 1984 (CHINA DAILY, 25 Jul 85).....	65
Briefs	
Liaoning Industrial Production	67
Jilin Feed Industry	67
Jilin Township Industry	67

Jilin Industrial Production	67
Gansu Industrial Production	67
Anhui Supplies Shanghai Cement	68
Beijing, Wuxi Garment Centers	68
CONSTRUCTION	
Briefs	
Shanghai Cold Storage	69
FOREIGN TRADE AND INVESTMENT	
Jakarta Reports Signing of Memorandum With PRC (TEMPO, 13 Jul 85; AFP, 31 Jul 85).....	70
Wang Yaoting Interviewed on Trade Prospects	70
PRC Pledges To Buy \$200 Million Worth of Indonesian Goods	72
LABOR AND WAGES	
Jilin Commentary Urges Rational Flow of Personnel (Jilin Provincial Service, 22 Jul 85).....	74
TRANSPORTATION	
Communications Minister Addresses National Conference (Qian Yongchang; GONGLU [HIGHWAYS], No 5, 25 May 85).....	76
Shanghai Announces Measures To Clear Harbor (CHINA DAILY, 20 Jul 85).....	82
Hebei Port Handles More Cargo in First 6 Months (XINHUA, 27 Jul 85).....	83
CAAC To Import New Navigation Equipment (XINHUA, 22 Jul 85).....	84
Briefs	
Shanghai Mining Trucks	85
HONG KONG ECONOMIC TRENDS	
Hong Kong Financial System Reorganization Discussed (JINGJI DAobao [ECONOMIC REPORTER], No 27, 8 Jul 85).....	86
Hong Kong Banking Unrest Discussed (Kang Ling; JINGJI DAobao [ECONOMIC REPORTER], No 27, 8 Jul 85).....	89

29 August 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Outlook for China's Economic Development (Fang Weizhong; JINGJI RIBAO, 21 May 85)	1
--	---

PROVINCIAL AFFAIRS

Top Economists To Attend Gansu Economic Meeting (XINHUA, 30 Jul 85)	4
Hebei Report on 1985 Economic, Social Development (HEBEI RIBAO, 1 Jul 85)	5
Xiang Nan Report at Fujian Party Congress (FUJIAN RIBAO, 5 Jul 85)	14
Qinghai Governor Reports on External Cooperation (Qinghai Provincial Service, 26 Jul 85)	39
Huang Jingbo on Expenditures, Townships (Qinghai Provincial Service, 26 Jul 85)	40
Briefs Shanghai Lecture Group	41

ECONOMIC PLANNING

Qinghai Leader Discusses Economic Development (Qinghai Provincial Service, 2 Aug 85)	42
---	----

AGGREGATE ECONOMIC DATA

PRC Statistics for January-June 1985 Show Economic Overheating (AFP, 30 Jul 85)	44
--	----

China Daily Reports on Economic Performance for January-June (Xu Yuanchao; CHINA DAILY, 1 Aug 85)	46
ECONOMIC MANAGEMENT	
XINHUA Profiles Young Beijing Managers (XINHUA, 30 Jul 85)	48
Liaoning Holds Urban Economic Reform Forum (Liaoning Provincial Service, 30 Jul 85)	49
Ma Hong on Upgrading Enterprise Management (Ma Hong; JINGJI GUANLI, No 6, 5 Jun 85)	51
Journal on Reforming Transport Management (Mi Haonian; JINGJI GUANLI, No 6, 5 Jun 85)	60
Role of Input-Out Statistics (Liu Hongxi; TONGJI, No 5, 17 May 85)	66
Adopting Index of Gross National Product Discussed (Yang Gixian, Ding Jiatiao; JINGJI GUANLI, No 6, 5 Jun 85)	69
Briefs Jiangxi Economic Contracts Conference	76
FINANCE AND BANKING	
Guangdong Industrial-Commercial Tax Revenues Rise Steadily (Wu Ling; NANFANG RIBAO, 2 Jul 85)	77
Jiangsu Residents' Foreign Exchange Savings Increase (XINHUA, 31 Jul 85)	78
Xizang Meeting on Finance, Foreign Exchange, Capital Construction (Xizang Regional Service, 29 Jul 85)	79
Briefs Yu Guangyuan Recommends Using GNP Industrial-Commercial Tax Categories Enumerated Hubei Summer Agricultural Tax	80 80 81
MINERAL RESOURCES	
Briefs Survey of Mineral Resources China's Gold Production	82 82
INDUSTRY	
June Sales of Household Appliances Up in PRC (CHINA DAILY, 1 Aug 85)	83

Briefs	
Camera Output Increases	84
CONSTRUCTION	
Quality Must Not Be Neglected in Construction Work (Editorial; JINGJI RIBAO, 16 Jul 85)	85
DOMESTIC TRADE	
Shanghai Urged To Open Its Door Wider (SHIJIE JINGJI DAobao, 10 Jun 85)	88
FOREIGN TRADE AND INVESTMENT	
Deng Xiaoping on Open-Door Policy, Special Economic Zones (ZHONGGUO XINWEN SHE, 1 Aug 85)	94
China Buys U.S., Soviet, French, and British Aircraft (ZHONGGUO XINWEN SHE, 18 Jul 85)	95
Sino-Japanese Economic Law Symposium Concludes in Qingdao (Shandong Provincial Service, 26 Jul 85)	96
Jilin Foreign Trade Work Discussed (Liu Dechun; GUOJI MAOYI, No 5, 27 May 85)	97
Sale of Joint Venture Goods Abroad Questioned (Zheng Yaner; GUOJI MAOYI, No 5, 27 May 85)	100
Briefs	
Hainan Earns Foreign Exchange	103
Jilin Corn Exports	103
Jilin-Hong Kong Hotel	103
Tiajin Joint Venture	103
Jiangsu Rock Drill	103
SPECIAL ECONOMIC ZONES	
Gu Mu Stresses Effort at Special Economic Zones (XINHUA, 31 Jul 85)	104
LABOR AND WAGES	
Briefs	
Fujian Employment	105
TRANSPORTATION	
State Council Approves Formation of Heilongjiang Airline (Heilongjiang Provincial Service, 3 Aug 85)	106

Ministry of Aeronautics Announces Seventh 5-Year Plan (Wang Jinyu, Gao Lu; JINGJI CANKAO, 12 Apr 85)	107
Jiangsu To Complete New Berths This Year (Yang Hongming; ZHONGGUO XINWEN SHE, 30 Jul 85)	108
Qinghai-Xizang Road Improvements Aid Economy (XINHUA, 31 Jul 85)	109
Anhui Removes Highway Obstacles (RENMIN RIBAO, 2 Jul 85)	110
Spokesman on Expansion of Port Capacity (XINHUA, 31 Jul 85)	112
XINHUA Describes Zhejiang-Shanghai Waterway (XINHUA, 30 Jul 85)	113
Briefs	
Dalian Deepwater Completed	115
Work Begins on Bridge	115
Shanghai To Build Expressways	116
Hunan Bus Terminal	116
Shanghai Gets Airbus	116
Beijing-Jilin Air Route	116

PUBLICATIONS

CHINA STATISTICAL MONTHLY Inaugurated (TONGJI, No 5, 17 May 85)	117
--	-----

ABSTRACTS

FOREIGN TRADE

GUOJI MAOYI [INTERTRADE], No 5, 27 May 85	119
---	-----

TAIWAN

Effects of U.S. Trade Bill Discussed (Nicholas Way; SOUTH CHINA MORNING POST, 31 Jul 85)	120
Ministry Moves to Liberalize Foreign Trade (CNA, 9 Aug 85)	123
Economic Panel Notes Favorable Trade Position (CNA, 9 Aug 85)	124
U.S. Trade Problems May Lead to Protectionism (CNA, 3 Aug 85)	125

Economics Minister Speaks on Development Needs (CHINA POST, 4 Aug 85)	127
Economic Panel Notes Favorable Trade Position (CNA, 8 Aug 85)	128

3 September 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Journal Studies Military-Civilian Industrial System (Sun Zhenhuan; JINGJI YANJIU, No 5, 20 May 85)	1
PRC Economist Stresses Value of Study of Investment (JINGJIXUE ZHOUBAO, 28 Jul 85)	11
Beijing Press Conference on Nonstaple Food Prices (Beijing City Service, 26 Jul 85)	13

PROVINCIAL AFFAIRS

Yunnan Governor Stresses Reform Measures (Yunnan Provincial Service, 8 Aug 85)	14
Shanxi Vice Governor on Economic Structural Reform (SHANXI RIBAO, 28 Jul 85)	17
Yunnan Meeting Discusses Economic Questions (Yunnan Provincial Service, 2 Aug 85)	19
Zhejiang To Conduct Commodity Price Inspection (Zhejiang Provincial Service, 5 Aug 85)	20
Hubei Holds Meeting of Finance, Trade Directors (Hubei Provincial Service, 6 Aug 85)	21
Pu Chaozhu on Capital, Rural Problems, Opening Up (Yunnan Provincial Service, 8 Aug 85)	22

ECONOMIC DEVELOPMENT ZONES

- Dalian Mayor Details Foreign Cooperation
(XINHUA, 27 Jul 85) 190
- Tianjin Economic Zone Attracts Foreign Investors
(XINHUA, 4 Aug 85) 191

ECONOMIC PLANNING

- Briefs
Urban Economic Reform Discussed 196

AGGREGATE ECONOMIC DATA

- Briefs
Liaoning Tax Revenue 197

FINANCE AND BANKING

- Briefs
Hard Currency Bank Savings Increase in Jiangsu 198

MINERAL RESOURCES

- Briefs
New Xinjiang Gold Mine 199
Large Gypsum Deposit in Henan 199
Tianjin Clay Deposit Found 199
Hunan Ferroalloy Production 199

INDUSTRY

- Beijing Output of Industrial Products Increases
(BEIJING RIBAO, 24 Jul 85) 200
- Briefs
Liaoning Industrial Output 201
Xinjiang Increases Industrial Output 201

FOREIGN TRADE AND INVESTMENT

- Beijing Reviews Sino-U.S. Economic, Trade Ties
(Yue Dong; Beijing in English to East and South Africa,
24 Jul 85) 202
- U.S. Experts Aid Xinjiang Oil Prospecting
(XINHUA, 23 Jul 85) 204
- China Encouraging Joint Exploration for Oil
(XINHUA, 21 Jul 85) 205

Hebei Imports More Foreign Funds, Technology (XINHUA, 31 Jul 85)	36
Collectives, Individuals Fund Beidaihe Facilities (XINHUA, 2 Aug 85)	37
Shenyang Plans Construction of Trade Centers (XINHUA, 25 Jul 85)	38
Report on International Trade Engineering Meeting (GUOJI MAOYI, No 5, 27 May 85)	39
Strategies, Measures for Increasing Henan's Exports (Li Zunrong; GUOJI MAOYI, No 5, 27 May 85)	43
Answers to Foreigners' Questions About Investing in China (Dong Shizhong; GUOJI MAOYI, No 6, 27 Jun 85)	48
Theoretical Basis for Current Foreign Trade Reform (Wang Shaoxi; GUOJI MAOYI, No 6, 27 Jun 85)	53
Increasing Exports as Key to Improving Trade With Japan (Wei Xiaorong; GUOJI MAOYI, No 6, 27 Jun 85)	58
XINHUA Details Overseas Investment in Fujian (XINHUA, 29 Jul 85)	61
Number of Tourists Skyrockets in First Half-Year (XINHUA, 24 Jul 85)	62
OECD Report Sees PRC Grain Imports Tapering Off (AFP, 31 Jul 85)	63
Briefs	
Fertilizer Plant in Production	65
Bonded Warehouse in Shanghai	65
CIEC Builds Thriving Consultancy Business	65
Tourist Boom Expected in Xinjiang	66
Jiangxi Province Gets Foreign Contracts	66
Shenzhen To Host Industrial Export Seminar	67
Czechoslovak Paper on Trade Relations With China	67
Hebei's Quinhuangdao Attracts Investment	67

SPECIAL ECONOMIC ZONES

Shenzhen Law Office Helps Foreign Businesses (XINHUA, 1 Aug 85)	68
Shenzhen Mayor Reports on Progress of Zone (XINHUA, 30 Jul 85)	70

Shenzhen Protects Overseas Investors' Legal Rights (XINHUA, 3 Aug 85)	72
LABOR AND WAGES	
Tianjin Students Work During Summer Vacation (XINHUA, 30 Jul 85)	74
TRANSPORTATION	
Henan Meeting Urges Improving Transport Conditions (Henan Provincial Service, 11 Aug 85)	75
Briefs	
Jilin-Beijing Air Route	76
Hanzhou-Xian Scheduled Flight	76
ABSTRACTS	
FOREIGN ECONOMIC AFFAIRS	
SHIJIE JINGJI /WORLD ECONOMY/ No 5, 10 May 85	77
FOREIGN TRADE	
SHIJIE JINGJI /WORLD ECONOMY/ No 5, 10 May 85)	78
TAIWAN	
Article on 1st Year Operations of Taiwan's Offshore Banks (Nicholas Way; SOUTH CHINA MORNING POST, 1 Aug 85)	79
Economist Outlines Way Ahead for Economy (CNA, 5 Aug 85)	82
Briefs	
Per Capita Increase	83
U.S. Quotas on Shoes	83
Trademark Law Revision	84
Bank Rate Decontrol Plan	84
Service Industry Economic Role	84
HONG KONG MEDIA ON CHINA	
How SEZ's, Inland Areas Profit From Each Other (Liang Wensen; JINGJI DAOBAO, No 21, 27 May 85)	85

Development Strategy for Southern Fujian Coastal Zone Outlined (Gu Ming; JINGJI DAOBAO, No 19, 13 May 85)	89
Nantong's Work in Infrastructure Since Becoming Open City (Lu Chunkang; JINGJI DAOBAO, No 22, 3 Jun 85)	91
PRC Development Will Not Threaten Others' Economies (TA KUNG PAO, 4 Jun 85)	93
Briefs	
China's Foreign Exchange Income	95
 HONG KONG ECONOMIC TRENDS	
Hong Kong June Domestic Exports 11.4 Percent Lower Than in 1984 (HONG KONG STANDARD, 26 Jul 85)	96
Transitional Period for Hong Kong Projected (Gu Jinliang; JINGJI DAOBAO, No 23, 10 Jun 85)	98
Overseas Industrial Investment Up in Hong Kong (XINHUA, 1 Aug 85)	106
Protectionism Threatens Hong Kong Development (XINHUA, 4 Aug 85)	107
Hong Kong Trade Groups Urged To Solicit Funds To Fight Jenkins Bill (Paul Baran; SOUTH CHINA MORNING POST, 7 Aug 85)	109
Hong Kong Bank Chairman on Market, Future (XINHUA, 7 Aug 85)	111
Hong Kong Real Estate Market Recovering (XINHUA, 30 Jul 85)	113
Briefs	
Bank Given Standby Credit	114
PRC Causing Brain Drain	114

4 September 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

PROVINCIAL AFFAIRS

State Council Approves Dalian's Economic Reform Plan (RENMIN RIBAO, 5 Jul 85)	1
Economic Cooperation Thriving in Shanghai Economic Zone (Zhang Shihong; RENMIN RIBAO, 24 Jul 85)	4
Rural, Small Town Enterprises Must Hasten Steady Expansion (SICHUAN RIBAO, 23 Jun 85)	6
Shaanxi Wins Prize at Recent Science, Technology Trade Fair (Ma Zaixin; SHAANXI RIBAO, 13 Jun 85)	8
Dispel Fears About Pork Prices (Guo Zhiying; SHAANXI RIBAO, 5 Jun 85)	10
Briefs Shaanxi Petrochemical Industrial System	11

ECONOMIC DEVELOPMENT ZONES

Tianjin Issues Regulations for Economic Zone (XINHUA, 7 Aug 85)	12
Qingdao Vice-Mayor Discusses Port Modernization, Trade (Ding Fuhai; CHINA DAILY, 3 Aug 85)	14

ECONOMIC MANAGEMENT

Economic Journal on Cooperation and Planning (Gao Lianqing, Xia Guangming; JINGJI GUANLI, No 5, 5 Jun 85)	16
---	----

Wuhan Course on Economic Reform Completes First Semester (Xu Longfa; CHANGJIANG RIBAO, 9 Jun 85)	23
Rural, Small Town Enterprise Development in Yanshi County (Li Haifu; RENMIN RIBAO, 6 Jul 85)	24
RENMIN RIBAO Article on Investment Control (Zhou Daojiong; RENMIN RIBAO, 22 Jul 85)	27
FINANCE AND BANKING	
Zhejiang 1984 Final Accounts, 1985 Budget (ZHEJIANG RIBAO, 16 Jun 85)	33
PRC Taking Measures To Halt Tax Evasion Problems (CHINA DAILY, 10 Aug 85)	40
Qinghai Banks Outline Credit Controls, Arrangements (Qinghai Provincial Service, 4 Aug 85)	42
Briefs Guangdong: Jan-Jun Revenue	43
MINERAL RESOURCES	
Briefs Xinjiang Vermiculite Lode Diamond Xinjiang Discovery New Soda Extraction Technique	44 44 44
INDUSTRY	
Wuhan's Rural, Small Town Enterprises Developing Quickly (Qing Xian, Liu Youqi; CHANGJIANG RIBAO, 5 Jun 85)	45
CONSTRUCTION	
Guangdong Begins Construction of Cement Plant (CHINA DAILY, 13 Aug 85)	47
Briefs New Beijing Waterworks Anhui Wire Rod Mill Project	48 48
FOREIGN TRADE AND INVESTMENT	
Vice Minister Wei Yuming on Sino-U.S. Trade (Beijing in English to East and South Africa, 9 Aug 85)	49
NPC Vice Chairman Urges Opening Tibet Border (XINHUA, 23 Jul 85)	50

Gansu Introduces Tax Breaks for Foreign Firms (CHINA DAILY, 6 Aug 85)	51
Official Warns of Tax Evasion by Foreigners (XINHUA, 31 Jul 85)	52
PRC Constructing New 'Foreigners' Village' in Northwest Beijing (Zhang Wenzhong; CHINA DAILY, 9 Aug 85)	54
Chinese Trade Delegation To Arrive in Indonesia 9 August (AFP, 6 Aug 85)	56
Briefs	
Grants by Foreign States	58
SPECIAL ECONOMIC ZONES	
Shenzhen Building Science, Technology Center (XINHUA, 31 Jul 85)	59
Briefs	
Guangdong Opens Official Press Office	60
LABOR AND WAGES	
Vice Minister on Providing Job Opportunities (XINHUA, 10 Aug 85)	61
Article Explores Wage System Reform Questions (Xiang Qiyuan; GUANGMING RIBAO, 20 Jul 85)	63
RENMIN RIBAO Article on Developing Service Industry (Bai Zhongyao; RENMIN RIBAO, 29 Jul 85)	72
Wuhan CPC 1st Secretary on Role of Trade Unions (GONGREN RIBAO, 28 Jul 85)	77
Trade Union Federation Eulogizes Ma Shengli (Huang Fengchu; XINHUA Domestic Service, 29 Jul 85)	80
TAIWAN	
Radio Commentary on Reagan's Achievements (Taipei International Service, 7 Aug 85)	82
President Chiang Meets U.S. Congressional Group (CNA, 9 Aug 85)	84
Taipei Views Li Xiannian's U.S. Visit; ROC-U.S. Relations (Li Chung-kuei; Taipei Domestic Service, 9 Aug 85)	85

Mongolian Chinese in U.S. Support Taiwan (CNA, 12 Aug 85)	88
Textile Trade Talks To Be Held in Washington (CNA, 14 Aug 85)	89
Taiwan Paper's Criticism of Policy Toward Mainland Cited (ZHONGGUO XINWEN SHE, 29 Jul 85)	90
Taiwan Premier Interviewed by Saudi Paper (CHUNG YANG JIH PAO, 4 Aug 85)	91
Article Examines Taiwan's Economic Situation (Nicholas Way; SOUTH CHINA MORNING PORT, 23 Jul 85)	100
ZHONGGUO XINWEN SHE on Labor-Capital 'Conflicts' in Taiwan (ZHONGGUO XINWEN SHE, 1 Aug 85)	106
Taiwan Holds 'National Development Seminar' (XINHUA Domestic Service, 5 Aug 85)	107
Foreign Trade Balance for First Seven Months (CNA, 12 Aug 85)	108
Declining Commodity Prices Hurt Economy (CNA, 29 Jul 85)	110
Taiwan Urged To Join Third KMT-CPC Cooperation (XINHUA, 2 Aug 85)	111
Taiwan General on Superpower Interests in Asia (CNA, 16 Aug 85)	113
Envoy Says Contacts Continue With Bolivia (CNA, 14 Aug 85)	114
Report Shows Changes in Trade With PRC, Singapore (AFP, 22 Jul 85)	115
Finance Ministry to Further Lower Import Tariffs (CNA, 21 Jul 85)	117
Voluntary Ban on Salmon Fishing in Pacific (CNA, 10 Aug 85)	118
Briefs	
Exports to Hong Kong	119
Foreign Exchange Policy	119
Growing Role of Taiwanese	119

HONG KONG MEDIA ON CHINA

Hangzhou To Have \$45.8 Million Trade Exhibition Center (Francis Li; SOUTH CHINA MORNING POST, 9 Aug 85)	120
---	-----

PRC To Focus on Energy, High Technology Projects (Olivia Sin; SOUTH CHINA MORNING POST, 7 Aug 85)	122
--	-----

HONG KONG ECONOMIC TRENDS

Hong Kong Trade Official Cited on Expansion of U.S. Textile Curbs (Paul Baran; SOUTH CHINA MORNING POST, 8 Aug 85)	125
---	-----

Hong Kong Editorial Scores 'Restrictive' U.S. Textile Measures (SOUTH CHINA MORNING POST, 10 Aug 85)	128
---	-----

Dealers Face Heavy Losses After PRC Clamp on Imports (Francis Li; SOUTH CHINA MORNING POST, 2 Aug 85)	130
--	-----

Revised Trade Figures for First 5 Months of 1984 Published (Paul Baran; SOUTH CHINA MORNING POST, 5 Aug 85)	132
--	-----

Hong Kong Infrastructure Stabilizing Factor (XINHUA, 6 Aug 85)	134
---	-----

Hong Kong Computer Use, Investment Increases (XINHUA, 9 Aug 85)	135
--	-----

9 September 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Problems in Stabilizing and Adjusting Prices Since 1979 (Xue Muqiao; JINGJI YANJIU, No 6, 20 Jun 85).....	1
Deregulation, Subsidizing Both Truly Necessary (Liu Wenxu; BAN YUE TAN, No 12, 25 Jun 85).....	28
PRC To Push Reform of State-Run Small Businesses (Chen Guanfeng; CHINA DAILY, 15 Aug 85).....	30
Imported Cars in Hainan Island Taken Over (XINHUA, 4 Aug 85).....	32

PROVINCIAL AFFAIRS

Xinjiang Minority Nationality People Boost Production (XINHUA, 11 Aug 85).....	33
Official Calls for Strengthening Pastoral Area Work (Nei Monggol Regional Service, 14 Aug 85).....	35
Yunnan Planning Chief on Achievements, Tasks (Yunnan Provincial Service, 9 Aug 85).....	37
Yunnan Congress Hears Report on Fiscal Work (Yunnan Provincial Service, 9 Aug 85).....	38
Jiangxi Holds Economic, Social Development Meeting (Jiangxi Provincial Service, 13 Aug 85).....	39
Hebei Economic, Technological Cooperation Meeting Opens (HEBEI RIBAO, 8 Jul 85).....	41

Shandong Provincial Commercial Reform Meeting Opens (Shandong Provincial Service, 14 Aug 85).....	43
Yunnan Governor on Curbing Unhealthy Trends (Yunnan Provincial Service, 9 Aug 85).....	45
XINHUA on Upsurge in Xizang Businesses (XINHUA, 5 Aug 85).....	47
Jilin Plans To Exploit Grain, Timber, Other Resources (CHINA DAILY, 11 Aug 85).....	49
Briefs Xizang Taking Over Projects	51
AGGREGATE ECONOMIC DATA	
Briefs Shaanxi Township, Town Enterprises Develop Shanghai Village Industry Shanghai Gross Domestic Product	52 52 52
ECONOMIC MANAGEMENT	
Good Way To Manage Modern Industrial Production Discussed (Feng Jinju, Chen Zhixi; JINGJI LILUN YU JINGJI GUANLI, No 2, 28 Mar 85).....	53
Beijing Moves To Consolidate Peasant Markets (XINHUA, 7 Aug 85).....	61
Report on Guangzhou Meat, Vegetable Markets (XINHUA, 16 Aug 85).....	62
PRC Electronics Industry Deputy Minister on Reform Plans (Zhao Jinming; CHINA DAILY, 2 Aug 85).....	63
FINANCE AND BANKING	
PRC Tax Inspectors Discover Cases of Tax Evasion (CHINA DAILY, 4 Aug 85).....	66
Tax Inspection Telephone Conference Held (Anhui Provincial Service, 7 Aug 85).....	68
MINERAL RESOURCES	
Briefs Jiangxi Copper Smeltery	71

INDUSTRY

Generator Components Production Diffused to Military, Shipbuilding and Railway Manufacturers (ZHONGGUO JIXIE BAO, 12 Apr 85).....	72
Deputy Director of China State Shipbuilding Interviewed (Michel Houx; AFP, 11 Aug 85).....	74
PRC Industry 'Closer' To Achieving Balance of Supply, Demand (CHINA DAILY, 12 Aug 85).....	77
Briefs	
Zhejiang Cement Output	78
China Increases Output of Chemical Fibers	78

CONSTRUCTION

Shandong's Liang Buting Views Town Construction Plans (DAZHONG RIBAO, 14 Jul 85).....	79
Wang Enmao Attends Opening of Xinjiang Chemical Fertilizer Plant (Xinjiang Regional Service, 8 Aug 85).....	80

DOMESTIC TRADE

North China Economic Cooperation Meeting Concludes (HEBEI RIBAO, 10 Jul 85).....	82
Liaoning Delegation Makes Business Trip to Heilongjiang (Heilongjing Provincial Service, 2 Aug 85).....	84

FOREIGN TRADE AND INVESTMENT

Gansu, U.S. Firm Sign Contract of Intent for Joint Venture (Gansu Provincial Service, 3 Aug 85).....	85
Gansu Station Calls for Opening Up to World (Gansu Provincial Service, 8 Aug 85).....	86
PRC Having Difficulties With Faulty Imports (CHINA DAILY, 7 Aug 85).....	88
PRC Investment Corp Issues Bonds Worth HK\$300 Million (XINHUA Hong Kong Service, 5 Aug 85).....	90
Loans To Be Provided for Production of Export Goods (XINHUA, 12 Aug 85).....	91

Beijing Paper on Entrepot Trade With Taiwan (Beijing in Mandarin to Taiwan, 9 Aug 85).....	92
International Islamic Cooperation Company Set Up (XINHUA, 12 Aug 85).....	93
Sino-Foreign Joint Ventures Increase in Beijing (XINHUA, 6 Aug 85).....	94
Agricultural Projects Planned for Foreign Investment (XINHUA, 15 Aug 85).....	95
Drive To Upgrade Tourism Services Launched (XINHUA, 14 Aug 85).....	96
Xizang Secretary at Hotel Completion Ceremony (XINHUA, 12 Aug 85).....	98
Liang Buting Receives French Trade Delegation (DAZHONG RIBAO, 11 Jul 85).....	99
Hunan, Australia Cooperate in Sugarcane Factory (Hunan Provincial Service, 8 Aug 85).....	100
Ningxia Coal Exports Will Increase Dramatically by 1990 (XINHUA, 20 Jul 85).....	101
Briefs	
Xizang's Foreign Trade Profits	102
Anhui Tourist	102
Trade Center in UAE	102
Shanghai-Yokohama Joint Venture	103
Inner Mongolian Tourist Trade Report	103
Shanghai Overseas Investments	103

LABOR AND WAGES

Gao Di Speaks on Issues Related to Wages, Bonuses (Jilin Provincial Service, 6 Aug 85).....	104
Briefs	
Beijing Students' Job Assignments	106

TRANSPORTATION

Beijing Urged To Improve Transportation (XINHUA, 8 Aug 85).....	107
CHINA DAILY Quotes Statistics on Private Transport (CHINA DAILY, 11 Aug 85).....	108

State Funds New Port Project on Hainan Island (Song Xihui; CHINA DAILY, 6 Aug 85).....	109
---	-----

Official Reveals Easement in Port Congestion (XINHUA, 2 Aug 85).....	110
---	-----

Briefs

Zhejiang Inland Waterway	111
Jiangsu Air Service	111
Guizhou New Bridge	111
Jiangsu Railway Construction	111
Jiangsu Railway Expansion	112

CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

RENMIN RIBAO Article on Japanese Capital Outflow (Lu Zhongwei; RENMIN RIBAO, 9 Jul 85).....	113
--	-----

TAIWAN

Briefs

Foreign Investment Statutes Revision	116
--------------------------------------	-----

HONG KONG MEDIA ON CHINA

China Sets Wage Reform in Motion (Lu Zhimin; JING BAO, No 7, 10 Jul 85).....	117
---	-----

HONG KONG ECONOMIC TRENDS

Accord Signed for Issuing Hong Kong Dollar Bonds (XINHUA Domestic Service, 5 Aug 85).....	121
--	-----

17 September 1985

CHINA REPORT

Economic Affairs

ENERGY: STATUS AND DEVELOPMENT--42

CONTENTS

NATIONAL POLICY

- Nation's Energy Requirements to Year 2000 Explored
(Zhu Bin; ZIRAN SHIJIJINGCAI TONGJIAN, No 2, 10 Apr 85) .. 1

POWER NETWORK

- Accelerating Production Capability for Power Generators Discussed
(Editorial; ZHONGGUO JIXIE BAO, 12 Apr 85) 13
- 10,000 Megawatt Generator a Possibility by 1990
(ZHONGGUO JIXIE BAO, 12 Apr 85) 15
- Survey of Instability Incidents in Power Systems 1982-1984
(Meng Dingsheng; DIANJI JISHU, No 3, 9 Jun 85) 17
- Briefs
Heilongjiang 220KV Power Line 18

HYDROPOWER

- Reform of Hydropower Construction System Debated
(Li Zixiong; SHUILI FADIAN, No 3, 12 Mar 85) 19
- Experts See Hydropower as Key to Developing West
(XINHUA, 16 Aug 85) 20
- Sankia: The Focus of World Attention
(Gao Xia; DILI ZHISHI, No 4, 7 Apr 85) 22
- Second-Stage Project of Baishan Detailed
(SHUILI FADIAN, No 7, 12 Jul 85) 27
- Longtan Feasibility Study Submitted
(Zhang Lanyu; SHUILI FADIAN, No 6, 12 Jun 85) 40
- The Shuikou Hydropower Station Detailed
(He Genzhou; SHUILI FADIAN, No 6, 12 Jun 85) 42

Xizang's Yamzho Yumco Station Could Be Finished by 1990 (Xizang Regional Service, 8 Jun 85)	44
Nation's Largest Hydraulic Turbine Unit Completed (Zhang Changming; ZHONGGUO JIXIE BAO, 12 Apr 85)	45
Geologic Reconnaissance Management in Hydropower Construction Discussed (SHUILI FADIAN, No 4, 12 Apr 85)	46
Remote Sensing Technology Aids Hydropower Planning (Jin Hengding; SHUILI FADIAN, No 4, 12 Apr 85)	57
Status of Exploration Work in Hydro Projects Reviewed (Duan Wenyu; SHUILI FADIAN, No 4, 12 Apr 85)	69
The Role of Surveying and Mapping in Hydropower Development (Zhao Yuanchang, Mao Ling; SHUILI FADIAN, No 4, 12 Apr 85)	74
Briefs Dahua Update	77
THERMAL POWER	
Briefs Coal-Burning Generators Installed	78
Taizhou Ahead of Schedule	78
Tongliao Plant Construction	79
Tongliao Update	79
COAL	
Coal Prices Plummet, Consumers Stock Up (HUBEI RIBAO, 23 Jul 85)	80
Shanxi Reports Record Annual Coal Exports (XINHUA, 1 Sep 85)	81
Ningxia's Exports Projected To Top 5 Million Tons by 1990 (XINHUA, 20 Jul 85)	82
Briefs Quality of Coal Improves	83
Antaibao Update	83
Coal Slurry Experiments	84
Shandong Coal Dressing Plant	84
Anhui Mine Design Bidding	84
OIL AND GAS	
Production, Once Falling, Now Up in Huabei Oil Field (XINHUA, 12 Aug 85)	85

Rich Reserves Discovered in Gudong Oilfield (Zhu Wenzhi; RENMIN RIBAO, 26 Jul 85)	86
Dagang Field Yielding More Oil, Gas (XINHUA, 14 Aug 85)	88
Shengli Has Record Output in First 6 Months of 1985 (Shandong Provincial Service, 4 Aug 85)	89
Shengli Makes Headway in Sand Control (XINHUA, 24 Aug 85)	90
Briefs	
Daqing Reserves	91
Daqing Exceeds Quota	91
More Gas for Beijing	91
New Shengli Gusher	92
Central Plains Well	92
NUCLEAR POWER	
Use of Remote Sensing, Geophysical Prospecting in Nuclear Power Plant Site Selection (Chen Changli; WUTAN YU HUATAN, No 2, Apr 85)	93
Opinions on Nuclear Waste Management Expressed (Luo Shanggeng, Yu Chengze; HE KEXUW YU GONGCHENG, No 1, Mar 85)	103
SUPPLEMENTAL SOURCES	
Solar, Wind Energy Developed in Qinghai (XINHUA, 20 Aug 85)	110
Briefs	
Wind Power Tested	111
CONSERVATION	
Official Urges Even Greater Efforts To Save Energy (XINHUA Domestic Service, 26 Aug 85)	112
Replacing Oil With Coal Spells Big Energy Savings (XINHUA, 9 Aug 85)	114
HONG KONG MEDIA ON CHINA	
Commercial Viability of South China Sea Strikes Dimming (Olivia Sin; SOUTH CHINA MORNING POST, 1 Aug 85)	115

19 September 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Summary of Views From Open Door Policy Symposium (SHIJIE JINGJI, No 2, 10 Feb 85)	1
Yu Guangyuan Urges Support for Economic Research (Yu Guangyuan; JINGJI YANJIU, No 6, 20 Jun 85).....	9
On the Issue of Time Economy (Qi Jingmin; JINGJI WENTI TANSUO, No 3, 20 Mar 85)...	19
PRC Paper Reviews Restructuring of Urban Economy (An Zhiwen; SHIJIE JINGJI DAOBAO, 22 Jul 85).....	27

PROVINCIAL AFFAIRS

Guangdong Economic Achievements Reported (GUANGZHOU RIBAO, 14 May 85)	34
Gansu, Academy of Sciences Agreement on Economic Development (Gansu Provincial Service, 14 Aug 85).....	36
Increases in Anhui Industrial Results Reported (Qi Guang; ANHUI RIBAO, 14 Jun 84)	37
Li Lian Calls for Developing Mountainous Areas (Heilongjiang Provincial Service, 18 Aug 85).....	40
Heilongjiang Meeting on Developing Mountain Areas Ends (Heilongjiang Provincial Service, 21 Aug 85)	41
Release of Pork Price by Shaanxi Government Reported (SHAANXI RIBAO, 18 May 85)	42

Briefs		
Sichuan Exports Exceed Imports		44
Nei Monggol Purchasing Power Increases		44
AGGREGATE ECONOMIC DATA		
National Economic Statistical Data		
(TONGJI, 17 Apr 85)		45
National Steel Consumption Statistics Published		
(JINGJI RIBAO, 6 Jun 85)		53
ECONOMIC MANAGEMENT		
Two Problems in Rural Enterprise Development Pinpointed		
(Zhu Xiaowen; SICHUAN RIBAO, 5 Jun 85)		55
Economic Results of Eight Markets Compared		
(JINGJI RIBAO, 5 Jul 85)		57
Briefs		
Economic Management Academy Established		60
FINANCE AND BANKING		
Reduction of Administrative Expenditures Urged		
(Tien Inong; CAI ZHENG, 8 Jul 85)		61
INDUSTRY		
Good Industrial Results in Anhui, January to April		
(ANHUI RIBAO, 5 Jun 85)		65
Reducing Material Consumption To Improve Economic Results		
(Cheng Yuan; JINGJI RIBAO, 8 Jun 85)		67
State-Owned Enterprise Labor Productivity Growing Steadily		
(Cheng Yuan; JINGJI RIBAO, 9 Jul 85)		71
Productivity of Eight Large Steel Enterprises Reported		
(JINGJI RIBAO, 13 Jul 85)		73
Briefs		
Zhejiang Industrial Output		76
CONSTRUCTION		
Briefs		
Beijing Hotel Construction		77

FOREIGN TRADE AND INVESTMENT

Ma Hong on Open Door Policy, October 1984 Resolution (Ma Hong; SHIJIE JINGJI, No 5, 10 May 85)	78
Ways To Attract Further Foreign Investment (Zhu Qingwei; GUOJI MAOYI, 27 Jun 85)	83
Possible Foreign Role in Offshore Financial Centers Explored (Cai Changxue; GUOJI MAOYI WENTI, No 2, Mar-Apr 85) ...	86
Possible Classifications To Use for Export Licenses (Zhang Deyi; GUOJI MAOYI WENTI, No 2, Mar-Apr 85).....	90
Technology Import Criteria, Problems Discussed (Song Juzhi; GUOJI MAOYI, 27 Jun 85)	94
Farm Export Strategy Should Respond to World Food Situation (Li Mingyi, Wang Pin; GUOJI MAOYI WENTI, No 2, Mar-Apr 85)	98

TRANSPORTATION

Development of Water Transportation on the Chang Jiang (Wang Ruisun; JINGJI WENTI TANSUO, No 3, 20 Mar 85)....	101
Technological Improvement of China's Highways Emphasized (Zhu Xinshu, Wei Chegrui; GONGLU, No 4, 25 Apr 85).....	109
Seventh 5-Year Plan for Highway Transport Sector Reported (JINGJI CANKAO, 25 May 85)	117
Han Shui Inland Waterway Project Reported (Xu Peijun, Lu Mingli; SHIJIE JINGJI DAOBAO, 10 Jun 85)	118
Golden Age of China's Highway Transportation Reported (Shao Qiong; SHIJIE JINGJI DAOBAO, 10 Jun 85)	120
Present Status of China's Railways Reported (SHIJIE JINGJI DAOBAO, 10 Jun 85)	122
Anhui To Build First Local Railway Line (Ma Biling; ANHUI RIBAO, 22 Jun 85)	124
Briefs	
Harbin-Mudanjiang Trial Flight	126
Xizang Highway Network	126
Heilongjiang Railway Lines	126
Liaoning Hong Kong Steamship Line	126

CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

Analysis of Singapore's Experience in Foreign Capital Use (Pang Rongqian; GUOJI MAOYI, No 6, 27 Jun 85)	127
CSSR Expands Labor Export, Signs More Contracts (XINHUA, 21 Aug 85)	131

TAIWAN

BOFT on Effects of U.S. Shoe, Textile Quota (CNA, 19 Aug 85)	132
Economics Official on Research, Development Aid (CNA, 19 Aug 85)	134
Briefs	
Economic Performance Reviewed	135
7-Month Trade Surplus	135
Huge Investment Project Approved	135

HONG KONG MEDIA ON CHINA

Future of Open Door Policy Viewed (JINGJI DAOBAO, No 29, 22 Jul 85)	137
Backward, Forward Look at Guangdong's Open Door Work (Liang Linguang; JINGJI DAOBAO, No 27, 8 Jul 85)	139
Bank of China Permits Units To Issue Bonds (TA KUNG PAO, 15 Jul 85)	147
Residents Oppose Construction of World's Largest Dam (MING PAO, 23 Jul 85)	148

HONG KONG ECONOMIC TRENDS

Official on Retaliation for Jenkins Bill (SOUTH CHINA MORNING POST, 21 Aug 85)	151
Trade Department Releases Fact Sheet on Jenkins Bill (Paul Baran; SOUTH CHINA MORNING POST, 23 Aug 85)	152
Bank Team Probing Hong Kong Businesses (SOUTH CHINA MORNING POST, 17 Aug 85)	154
Construction Work Value for 1983 Up 2 Percent (HONG KONG STANDARD, 19 Aug 85)	156

23 September 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

On Safeguarding Rights of Individually-Owned Enterprises (SHAANXI RIBAO, various dates)	1
State-Run Enterprises Warned, by Xu Baiqi	1
Urgent Transportation Department Message, by Zhou Zhenqing	2
North-South Communication Line Completed (ZHONGGUO XINWEN SHE, 2 Sep 85)	4
GUANGMING RIBAO on Theory of Socialist Ownership (Liu Shibao; GUANGMING RIBAO, 3 Aug 85)	5
Briefs	
Quality Control Centers	10

PROVINCIAL AFFAIRS

Three Executed, One Sentenced To Death for Harmful Products (AFP, 1 Sep 85)	11
Shaanxi Meeting Discusses Economic Crime Problem (Shaanxi Provincial Service, 30 Aug 85)	12
Guangdong Plans To Temper High Economic Growth (CHINA DAILY, 29 Aug 85)	14
Hebei Secretary on Enterprises' Economic Results (HEBEI RIBAO, 12 Aug 85)	15
Heilongjiang Governor's Report on Economic Reform (Hou Jie; HEILONGJIANG RIBAO, 4 Aug 85)	18

Shandong's Measures Help Poor Mountainous Areas (Shandong Provincial Service, 15 Aug 85)	27
ECONOMIC PLANNING	
RENMIN RIBAO on Mongolia Fulfilling Economic Plan (RENMIN RIBAO, 17 Aug 85)	29
ECONOMIC MANAGEMENT	
Symposium on Macroeconomic Management Begins (XINHUA, 2 Sep 85)	30
Input-Output Techniques Recommended for Making Annual Plans (Gao Nansen; QIYE GUANLI, No 5, 5 May 85)	32
Shaanxi Meeting on Monitoring Companies Run by Institutions (Shaanxi Provincial Service, 14 Aug 85)	37
Hebei Holds Meeting on Development of Qinhuangdao (HEBEI RIBAO, 16 Aug 85)	38
Heilongjiang Circular on Registration of Companies (Heilongjiang Provincial Service, 17 Aug 85)	40
Qingdao Economy, Development Plans Discussed (Ma Yannong; CHINA DAILY, 3 Sep 85)	42
Briefs	
Reforms in Cadre System	45
FINANCE AND BANKING	
Hunan Tax Bureau Discloses Serious Tax Evasion Problem (Hunan Provincial Service, 23 Aug 85)	46
Shandong Holds Telephone Conference on Tax Inspection Work (Shandong Provincial Service, 16 Aug 85)	47
Sichuan Meeting Stresses Tight Fiscal Controls (Sichuan Provincial Service, 17 Aug 85)	48
Control of Consumption Funds Urged (XINHUA, 30 Aug 85)	49
Technical Improvements Increase Profits, Taxes (XINHUA, 29 Aug 85)	50
Briefs	
Chongqing Increases Revenue	51
Yunnan Tax Inspection	51
Guangdong Tax Collection Problems	51

Guangdong Currency Control	52
Jilin Tax Revenue	52
Shanghai Steel Complex	52
Hainan Overfulfills Revenue Quota	52
Jiangxi Financial Work	53
Shandong Treasury Bonds	53
Shandong Tax Revenues	53
Shandong Audit Work	53
Hubei Bank Helps Agriculture	53
Balance of Payments	54
Special Loan Service	54

MINERAL RESOURCES

Briefs	
Shandong Gold Production	55

INDUSTRY

Washing Machine Production Up in First Semester (XINHUA, 3 Sep 85)	56
Briefs	
Shanghai Textile Production	58

CONSTRUCTION

Nei Monggol Official on Scale of Capital Construction (Nei Monggol Regional Service, 11 Aug 85)	59
--	----

FOREIGN TRADE AND INVESTMENT

Strategies for Improving Standing in Global Tech Trade (Hu Jun, Zhang Bingshen; GUOJI MAOYI, No 6, 27 Jun 85) ..	61
Ways To Reform Local Foreign Trade Structure Suggested (Zhang Meiting; GUOJI MAOYI WENTI, No 1, Jan-Feb 85)	66
Commodity Distribution, Physical Distribution Discussed (Zhang Hongjun; GUOJI MAOYI WENTI, No 1, Jan-Feb 85)	71
Profit Assessment Problems With Floating Foreign Exchange Rates (Cen Rongping; GUOJI MAOYI WENTI, No 1, Jan-Feb 85)	75
Report Shows Investors Make Profits in Shenzhen (XINHUA, 3 Sep 85)	77
Foreign Investors Sign Shanxi Coal Contracts (XINHUA, 31 Aug 85)	79
Jinzhou Mayor Welcomes Foreign Investment (XINHUA, 2 Sep 85)	80

Briefs	
Swedish High Voltage Equipment Purchased	81
LABOR AND WAGES	
Rui Xingwen Addresses Shanghai Labor Meeting (Shanghai City Service, 25 Aug 85)	82
Over One Million Fujian Women Work in Service Trades (XINHUA, 31 Aug 85)	83
TRANSPORTATION	
PRC Shipping With U.S. Steadily Increasing (Raymond Chen; CHINA DAILY, 19 Aug 85)	84
Dalian Port Resumes Operation After Typhoon (XINHUA, 22 Aug 85)	85
Fujian Province Builds Four More Berths (XINHUA, 19 Aug 85)	86
Jiangsu Expands Transport To Handle Foreign Trade (XINHUA, 14 Aug 85)	87
Section of Qinghai-Xizang Highway Asphalted (XINHUA, 26 Aug 85)	88
Work Underway To Link Xinjiang With East (XINHUA, 21 Aug 85)	89
Individual Transport Encouraged in Xinjiang (XINHUA, 23 Aug 85)	91
Nei Monggol Steps Up Efforts To Encourage Navigation on Huang He (CHINA DAILY, 22 Aug 85)	93
Shanxi Official Discusses Development Plans (XINHUA, 22 Aug 85)	94
Mountain Peasants Engaging in Transport (SHAANXI RIBAO, 8 Jun 85)	96
Briefs	
New Highways in 5-Year Plan	98
New Airline Makes Inaugural Flight	98
Guangdong City Builds Airport	98
Shanghai Port Congestion	99
Nei Monggol Highway Bridge	99
Liaoning New Railway	99
Through Air Route	99

CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

USSR's Experience in Western Loan Use Surveyed (Sun Youduo; SHIJIE JINGJI, No 5, 10 May 85)	100
--	-----

ABSTRACTS

SPECIAL ECONOMIC ZONE

DILI XUEBAO / <u>ACTA GEOGRAPHIC SINICA</u> 7, No 2, Jun 85	104
---	-----

HONG KONG ECONOMIC TRENDS

Optimism for Hong Kong Economy in Transitional Period (Chen Kekun; GANG AO JINGJI, No 5, 25 May 85)	106
Hong Kong Takeover of Overseas Trust Bank Discussed (Deng Shuxiong; JINGJI DAOBAO, No 24, 17 Jun 85)	111
Banks' Support for Ka Wah Bank Applauded (Editorial; JINGJI DAOBAO, No 25, 24 Jun 85)	116

25 September 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

PROVINCIAL AFFAIRS

Hu Ping Chairs Fujian Meeting on Product Quality (FUJIAN RIBAO, 21 Jul 85).....	1
Yunnan Strictly Controls Fixed Assets Investment (Yunnan Provincial Service, 28 Aug 85).....	2
Briefs	
Hebei Water Supply Projects	3

ECONOMIC DEVELOPMENT ZONES

Information Network for Open Cities, Economic Zones (XINHUA, 14 Aug 85).....	4
Key Projects Completed on Hainan Island (XINHUA, 20 Aug 85).....	5
Hainan Open Policy Said Still in Force (XINHUA, 26 Aug 85).....	7
New Joint-Venture Shanghai Trade Center Planned (XINHUA, 16 Aug 85).....	9
Guangzhou's Development Plans, Foreign Trade Work Discussed (Xu Shijie; GUANGZHOU YANJIU, No 1, Jan-Feb 85).....	10

ECONOMIC MANAGEMENT

Briefs	
State-Distributed Products	18

FINANCE AND BANKING

State Council Approves Financial Inspection (XINHUA, 28 Aug 85).....	19
JINGJI RIBAO Editorial Urges Removing Budget's Red Ink (Editorial; JINGJI RIBAO, 23 Aug 85).....	21
Harmful Economic Effects of Low Coal Prices Detailed (Zhang Chunyin; CAIMAO JINGJI, No 6, 11 Jun 85).....	23
Briefs	
Bank Authorized Bond Issue	31
Savings Deposits Increase	31
Deposit-Taking a Priority	31
Bonus Tax Levying	32
Beijing Economic Income	32
Beijing Township Enterprise Income	32

MINERAL RESOURCES

PRC Gold Production Up; State Investment Increased (XINHUA, 19 Aug 85).....	33
PRC To Upgrade Copper Mining, Processing (Zhu Ling; CHINA DAILY, 24 Aug 85).....	35
Engineer Reports on Xizang Mineral Deposits (XINHUA, 14 Aug 85).....	37
Briefs	
Mining Output Up	38

INDUSTRY

Use of Domestic Products Urged To Develop Power Industry (Deng Bin; ZHONGGUO JIXIE BAO, 12 Apr 85).....	39
Briefs	
Nei Monggol Industrial Achievements	41

CONSTRUCTION

Hainan Plan for New Deep Harbor Approved (XINHUA HONG KONG SERVICE, 28 Aug 85).....	42
Guangxi Sends Cadres To Help With Capital Construction (Guangxi Regional Service, 2 Sep 85).....	43
Beijing Faces Shortage of Construction Materials (Xia Junsheng; XINHUA, 27 Aug 85).....	44

Excessive Capital Construction Investment Reported (Yunnan Provincial Service, 30 Aug 85).....	46
Briefs	
Old Beijing Building Restrictions	47
Shanghai Sintering Plant	47

DOMESTIC TRADE

Jiangsu Enterprises Improve Supplies, Marketing (Ding Feng; XINHUA RIBAO, 23 Aug 85).....	48
Cooperation Between Two Enterprises Turns Weaker One Around (Ren Xinfu; LIAOWANG, No 28, 15 Jul 85).....	49

FOREIGN TRADE AND INVESTMENT

Tianjin To Explore Alternatives To Barter Trade With USSR (Huo Zhenyi; CHINA DAILY, 23 Jul 85).....	51
Foreign Investment Doubles in Heilongjiang (XINHUA, 23 Aug 85).....	53
Heilongjiang Welcomes Foreign Cooperation (XINHUA, 24 Aug 85).....	54
Ningxia Expands External Economic Cooperation (XINHUA, 24 Aug 85).....	55
Shenyang Contracts for Foreign Joint Ventures (XINHUA, 24 Aug 85).....	57
Beijing's Mayor Welcomes Foreign Investment (XINHUA, 19 Aug 85).....	58
Foreign Bids for Railway Projects Received (XINHUA, 29 Aug 85).....	59
Shanghai Exports Decline Since 1980 Peak (Su Zhen; CHINA DAILY, 27 Aug 85).....	60
Shanxi Province To Favor Foreign Investment (XINHUA, 28 Aug 85).....	62
Building Materials Corporation Established (XINHUA, 27 Aug 85).....	63
PRC Customs Cracking Down Substandard Imports (CHINA DAILY, 28 Aug 85).....	64
Liaoning Signs Contracts Promoting Foreign Cooperation (XINHUA, 13 Aug 85).....	66

Food Processing Equipment Show Opens in Nanjing (XINHUA, 16 Aug 85).....	67
Export-Oriented Agriculture in Guangdong Region (XINHUA, 14 Aug 85).....	68
Tax Revenues Attest to Shenzhen Successes (XINHUA, 15 Aug 85).....	69
Constructing Economic Zones Away From Cities Criticized (Xia Xiaoxun; SHIJIE JINGJI DAobao, 22 Jul 85).....	70
Briefs	
New Petrochemicals Trading Company	73
Foreign Trade Increases	73
International Wool Secretariat	73
Xinjiang Contracts With Hong Kong	74
Foreign Firms Speed Cooperation	74
Truck Technology Import	74
Foreign Investment Rules Studied	74
Catalog Show Opens	75
SPECIAL ECONOMIC ZONES	
Shenzhen SEZ Provides Opportunity for Youth (XINHUA, 17 Aug 85).....	76
XINHUA Reports on Shenzhen 'Success Story' (XINHUA, 28 Aug 85).....	78
LABOR AND WAGES	
TU Leader Urges Worker Role in Decision-Making (XINHUA, 19 Aug 85).....	80
Labor Services Companies Help Unemployed (XINHUA, 17 Aug 85).....	81
TRANSPORTATION	
Yanzhou-Shijiusuo Railway Near Completion (Shandong Provincial Service, 28 Aug 85).....	82
Briefs	
Summer-Fall Flights Increase	83
PUBLICATIONS	
Briefs	
Inscription for Economic Magazine	84

TAIWAN

Ways To Reduce U.S. Trade Deficit Suggested (Taipei Domestic Service, 20 Aug 85).....	85
President Receives Dole Trade Delegation (CNA, 21 Aug 85).....	87
U.S. Senators Exchange Views With Officials (CNA, 22 Aug 85).....	88
Central Bank Deputy Governor Appointed Finance Minister (AFP, 21 Aug 85).....	89
Statistics Indicate High Standard of Living (CNA, 21 Aug 85).....	90

HONG KONG MEDIA ON CHINA

Hong Kong Magazine on Shenzhen Problems (Chi Hsin; CHIUSHIH NIENTAI, No 187, 1 Aug 85).....	92
Development of Northern Frontier Mining Welcomed (Zhuang Bu; WEN WEI PO, 3 Aug 85).....	108
Briefs Tourist Cable Car Planned.....	109

HONG KONG ECONOMIC TRENDS

Bank of China Upholds HK Dollar Pegged to U.S. Dollar (XINHUA, 15 Aug 85).....	110
Bank of China Article on Hong Kong Banking (XINHUA, 15 Aug 85).....	113

27 September 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Change in Economic Development, Structure Discussed (Liu Guoguang; SHIJIE JINGJI DAobao, 26 Aug 85)	1
PRC Journal on Socialist State's Economic Functions (Wang Aizhu; JINGJI YANJIU, No 7, 20 Jul 85)	5
State Council Circular on Consolidating Firms (XINHUA, 25 Aug 85)	17
JINGJI RIBAO on Invigorating Larger Enterprises (Editorial; JINGJI RIBAO, 13 Aug 85)	21
GUANGMING RIBAO Defends Engels' Scientific Socialism (Li Zhongshang; GUANGMING RIBAO, 14 Aug 85)	24
GUANGMING RIBAO on Controlling Scale of Investment (Jing Zongxian, Liu Huiyong; GUANGMING RIBAO, 17 Aug 85) .	29
GUANGMING RIBAO on Macroscopic Control Over Investment (Wang Jiachun; GUANGMING RIBAO, 17 Aug 85)	31
GUANGMING RIBAO on Characteristics of Value of Law (Deng Jiarong; GUANGMING RIBAO, 10 Aug 85)	36
New Approach To National Income Division Discussed (Dong Jibin; JINGJI KEXUE, No 1, 20 Feb 85)	39
15 Economic Laws, Regulations Promulgated in 1985 (XINHUA, 12 Sep 85)	47

PROVINCIAL AFFAIRS

Henan Governor Reviews Economic Situation (Henan Provincial Service, 24 Aug 85)	48
Yunnan Government Arranges Economic Work (Yunnan Provincial Service, 4 Sep 85)	49
Better Off Peasants Helping Poorer Neighbors (Xu Yidao; XINHUA, 6 Sep 85)	51
Briefs	
Jiangxi Industrial General Survey	53
Jiangxi Land Management Committee	53
Tianjin Rural Economy	53

ECONOMIC DEVELOPMENT ZONES

Briefs	
Haikou Imports Equipment	54
Hainan's Import, Export Volume	54
Fujian Joint Ventures	54

ECONOMIC PLANNING

Hubei Official on Plan Implementation for First Half of 1985 (Hubei Provincial Service, 10 Sep 85)	55
Hunan People's Congress Meeting Hears Economic Reports (Hunan Provincial Service, 4 Sep 85)	57
Shandong Conference on Technical Transformation Projects (DAZHONG RIBAO, 9 Aug 85)	58
Development Plans Being Drawn Up for Beijing (XINHUA, 12 Sep 85)	60

AGGREGATE ECONOMIC DATA

Rapid Growth Makes Economic Structure 'More Rational' (XINHUA, 13 Sep 85)	61
--	----

ECONOMIC MANAGEMENT

Guangzhou Strengthens Control of Commodity Prices (Guangdong Provincial Service, 11 Sep 85)	62
--	----

FINANCE AND BANKING

Questions on Gross National Product Answered (Min Zhongyuan; SHANGHAI KUAIJI, No 6, 25 Jun 85)	63
---	----

Views on Encouraging Individual Consumption Discussed (Zhang Jianwen; SHANXI CAIJING XUEYUAN XUEBAO, No 3, Jun 85)	67
Timber Price Reform Probed (Tan Guangqing; JIAGE LILUN YU SHIJIAN, No 3, 20 May 85)....	73

INDUSTRY

Changing Focus of Nuclear Industry (Li Yingxiang, Guan Zhihong; JINGJI GUANLI, No 7, 5 Jul 85)	79
Shaanxi Meeting Stresses Industrial Economic Results (Shaanxi Provincial Service, 25 Aug 85)	87
Plastic Goods Production Doubles in 5 Years (XINHUA, 6 Sep 85)	88

DOMESTIC TRADE

Yunnan, Heilongjiang To Establish Economic, Technological Relations (Yunnan Provincial Service, 21 Aug 85)	90
Forum Discusses Exploitation of Chang Jiang Basin Economy (Zong Shen; CHANGJIANG RIBAO, 26 Aug 85)	92
Briefs	
Hebei Economic Cooperation Meeting	95
First, Third-Line Cooperation Meeting	95

FOREIGN TRADE AND INVESTMENT

Swedish Institute Teaching Market Economy Principles (Gunnar Filseth; SVENSKA DAGBLADET, 28 Jul 85)	96
Sino-Swedish Pharmaceutical Firm Adjusts to New Freedom (Dag Bjerke; SVENSKA DAGBLADET, 28 Jul 85)	99
Liaoning: Jinzhou International Trade Symposium Open (Liaoning Provincial Service, 5 Sep 85)	102
Heilongjiang Foreign Economic Cooperation Meeting Ends (Heilongjiang Provincial Service, 5 Sep 85)	103
Zhejiang To Conduct Joint Venture in Western Samoa's Forests (ZHONGGUO XINWEN SHE, 5 Sep 85)	104
Henan Convenes Forum on Trade With USSR, East Europe (Henan Provincial Service, 19 Aug 85)	105
Foreign Investors' Questions Answered (Dong Shizhong; GUOJI MAOYI, No 7, 27 Jul 85)	106
Prospects for Trade With Eastern Europe Discussed (GUOJI SHANGBAO, 8 Jul 85)	109

Prospects for Exports of Agricultural Machinery (Bao Nairen, Zhou Lianqing; GUOJI MAOYI, No 7, 27 Jul 85) ..	112
---	-----

Briefs

U.S. Equipment in Heilongjiang	116
Sino-U.S. Joint Venture	116
Liaoning Foreign Trade Conference	116
Guizhou Stone-Laying Ceremony	117
Guizhou International Cooperation Talks	117
Hebei Foreign Fund Utilization	117
Hebei Joint-Venture Hotel	118
Heilongjiang Foreign Investment	118
Liaoning Foreign Capital	118
Jilin Foreign Trade	118
Guizhou Cooperation, Trade Talks	118
Beijing Foreign Tourists	119
Beijing Foreign Contracts	119
Jiangsu Tractor Export	119
Jiangxi Tourist Industry	119
Shanghai Foreign Trade	119

SPECIAL ECONOMIC ZONES

Shenzhen Cracks Fraud Cases Involving Hong Kong Businessmen (ZHONGGUO XINWEN SHE, 23 Aug 85)	120
Present Conditions of Special Economic Zones Analyzed (Tang Hua, Hu Junkai; LIAOWANG, No 34, 26 Aug 85)	122
Shantou Economic Zone Forms Think Tank for Development (Guangdong Provincial Service, 22 Aug 85)	128
Briefs	
Shantou SEZ Makes Progress	129
Guangdong's Shenzhen Development	129

TRANSPORTATION

Electrification of Chengdu-Chongqing Railway Reported (Feng Jinzhu; TIEDAO ZHISHI, No 2, 28 Mar 85)	130
Development of Yingtan-Ziamen Railway Reported (Cai Shaoyuan; TIEDAO ZHISHI, No 2, 28 Mar 85)	134

TAIWAN

Disparity on Foreign, Local Investment Noted (CHINA POST, 26 Aug 85)	140
---	-----

HONG KONG MEDIA ON CHINA

Foreign Banks Offer PRC Loans at 'Below Cost' Rates (Olivia Sin; SOUTH CHINA MORNING POST, 20 Aug 85)	141
Hong Kong Becomes Shanghai's Largest Joint Venture Partner (M. F. Lock; HONG KONG STANDARD, 30 Aug 85)	144

HONG KONG ECONOMIC TRENDS

Hong Kong Airline Denied Right To Operate Chartered Flights to PRC (SOUTH CHINA MORNING POST, 19 Aug 85)	146
---	-----

2 October 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

PROVINCIAL AFFAIRS

Shaanxi Issues Circular on Banning Speculation (Shaanxi Provincial Service, 11 Sep 85).....	1
XINHUA Report on Importance of Western China (XINHUA, 10 Aug 85).....	2
Briefs	
Urumqi Economic, Technical Symposium	4

ECONOMIC DEVELOPMENT ZONES

Guangxi Beihai City Boosts Infrastructure (XINHUA, 22 Aug 85).....	5
Development of Nantong City, Jiangsu, Described (XINHUA, 7 Sep 85).....	6

ECONOMIC MANAGEMENT

JINGJI RIBAO on Role of Monetary Policy (Liu Hongru; JINGJI RIBAO, 27 Aug 85).....	8
Guangxi Holds Meeting on Finance, Taxation Work (Guangxi Regional Service, 11 Sep 85).....	16
Journal on Importing Electrical, Mechanical Equipment (Ge Hui; JINGJI GUANLI, No 7, 5 Jul 85).....	18
Briefs	
Increase in Trademark Registrations	24

FINANCE AND BANKING

Magazine Notes Price Reform Boosting Rural Economy (XINHUA, 16 Aug 85).....	25
Price Reform Successful in Anhui Province (XINHUA, 18 Aug 85).....	27
RENMIN RIBAO Commentator's Article on Auditing Work (RENMIN RIBAO, 5 Sep 85).....	29
Hunan Farmers Income Rises in Jan-Jun Period (XINHUA, 7 Sep 85).....	31
Xinjiang Tax Bureau To Inspect Tax Irregularities (Xinjiang Regional Service, 11 Sep 85).....	32
Insurance Service Develops Rapidly in Beijing (XINHUA, 5 Sep 85).....	33
Insurance Company To Pay for Flood Damage, Loss (XINHUA, 13 Sep 85).....	34
Briefs	
Effort To Renew Key Enterprises	35

MINERAL RESOURCES

Official Reports on Yunnan Phospahte Deposits (XINHUA, 27 Aug 85).....	36
Briefs	
New Method Developed To Estimate Mineral Resources	37
Production of Rare Earths	37

INDUSTRY

Gold Allocation Boosts Tibet Handicraft Industry (XINHUA, 25 Aug 85).....	38
Preparatory Work for Industry Survey Underway (XINHUA, 27 Aug 85).....	39
China Set To Launch Nationwide Industrial Survey (Chen Guangfeng; CHINA DAILY, 27 Aug 85).....	40
Briefs	
Shenyang Reports Industrial Production Up	42

DOMESTIC TRADE

Shanghai Accelerating Economic Ties With Rest of PRC (Zhen Fan; CHINA DAILY, 23 Aug 85).....	43
Provinces Boost Cooperation at Economic Meeting (XINHUA, 26 Aug 85).....	45

FOREIGN TRADE AND INVESTMENT

Foreign Businessmen Comment on Open Door, PRC Economy (GUOJI MAOYI, No 7, 27 Jul 85).....	46
Bank of China's Role in Open Door Policy Discussed (Zhao Bingde; GUOJI MAOYI, No 7, 27 Jul 85).....	51
Position on Open Door, Other Issues Reiterated (Wei Yuming; GUOJI MAOYI, No 7, 27 Jul 85).....	54
Law Governing Chinese-Foreign Joint Ventures Analyzed (Zhou Ziya; ZHENGFA LUNTAN, No 1, Feb 85).....	58
Shanxi Governor Outlines Cooperation Plans (XINHUA, 21 Aug 85).....	71
RENMIN RIBAO Reports on Joint Ventures Abroad (XINHUA, 18 Aug 85).....	72
Regulations for Packing Dangerous Goods for Export by Sea (GUOJI SHANGBAO, 8 Jul 85).....	73
Questions, Answers on Rules for Packing Dangerous Goods (GUOJI SHANGBAO, 8 Jul 85).....	76
Guangdong's Yu Fei on Increasing Exports (Song Xihui; CHINA DAILY, 5 Sep 85).....	79
Rapid Progress in Introducing Foreign Technology (XINHUA, 18 Aug 85).....	81
Zhejiang Signs Foreign Cooperation Contracts (XINHUA, 21 Aug 85).....	82
Seminar Studies International Private Law (XINHUA, 22 Aug 85).....	83
Heilongjiang Province's Foreign Trade Increases (XINHUA, 5 Sep 85).....	84
International Cooperation Boosts Shanxi Economy (XINHUA, 10 Sep 85).....	85

Foreign Firms Interested in Liaoning Industrial Zone (XINHUA, 6 Aug 85).....	86
---	----

Briefs

U.S. Textile Mill in Xinjiang	88
CSSR Trade Group	88
Anhui Foreign Trade Seminar	88
Zhejiang Trade Fair	89
Liaoning's Foreign Trade Center	89
Flourishing Taiwan-PRC Trade Projected	89
Beijing Trade Center	90
Zhejiang Foreign Trade Seminar	90
Shenzhen Area for Foreign Investors	90

SPECIAL ECONOMIC ZONES

Shenzhen Needs More Bilingual Professionals To Help Economy (CHINA DAILY, 22 Aug 85).....	91
--	----

LABOR AND WAGES

GONGREN RIBAO Stresses Worker Role in Management (Zhang Youyu; GONGREN RIBAO, 24 Aug 85).....	93
--	----

TRANSPORTATION

Lanzhou Institute Studies Permafrost Problems (XINHUA, 27 Aug 85).....	96
---	----

Briefs

PRC To Build 60,000 km of New Highways	98
Industrial Shipments to Xizang Increase	98
PRC-Made Planes Used To Carry Goods to Xizang	99
Highway Linking Three Provinces To Be Built	99

ABSTRACTS

FOREIGN TRADE

GUOJI MAOYI [INTERTRADE] No 6, 27 Jun 85.....	100
---	-----

9 October 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

National Conference Views Specialized Households (XINHUA, 10 Sep 85).....	1
JINGJI YANJIU on Agriculture in Special Economic Zones (Xu Jingyong; JINGJI YANJIU, No 7, 20 Jul 85).....	2
PRC Journal on Tasks in Financial Reform (Zhou Sengye; JINGJI YANJIU, No 7, 20 Jul 85).....	7

PROVINCIAL AFFAIRS

Qinghai Holds Economic, Technological Meeting for Northwest China (Qinghai Provincial Service, 21 Sep 85).....	16
Guangxi Government Stresses Continuation of Reform (XINHUA Hong Kong Service, 20 Sep 85).....	17
Hunan Specialized Households Aid Neighbors (XINHUA, 20 Sep 85).....	19
Briefs	
Economic Branches Improve Proportions	20
Prices of Color TV	20

ECONOMIC DEVELOPMENT ZONES

Progress of Chang Jiang, Zhu Jiang Deltas, Southern Fujian (LIAOWANG, No 20, 20 May 85).....	21
Chang Jiang Delta, by Zhang Gaopeng, et al.	21
Zhu Jiang Delta, by Tang Wei, Jiang Zuozhong	23
Southern Fujian, by Lin Qunying	25

- a -

Qingdao's Development as Open City Reviewed (Yu De, Sun Xiuchun; LIAOWANG, No 19, 13 May 85).....	28
Ningbo Factories Reported Importing Advanced Equipment (Zhou Xi; GUOJI SHANGBAO, 8 Aug 85).....	35
Shanghai Paper Notes Economic Advantages of Cities Versus Zones (CHINA DAILY, 11 Aug 85).....	37
Briefs	
Foreign Capital in Fuzhou	39
ECONOMIC FLANNING	
JINGJI RIBAO on 5-Year Plan Targets (XINHUA, 9 Sep 85).....	40
'Sparkling Plan' To Spur Rural Economy (XINHUA, 14 Sep 85).....	41
AGGREGATE ECONOMIC DATA	
Statistical Bureau Releases Economic Report (XINHUA, 14 Sep 85).....	42
Briefs	
Industrial Products Plan Fulfilled	44
ECONOMIC MANAGEMENT	
Guangdong Conference on Rural Management, Operation (Guangdong Provincial Service, 19 Sep 85).....	45
Responsibility System Benefits Beijing Company (XINHUA, 19 Sep 85).....	46
FINANCE AND BANKING	
Official Says Financial Situation Improved (XINHUA, 14 Sep 85).....	47
Statistical Bureau Predicts National Income Increase (XINHUA, 15 Sep 85).....	48
Statistical Bureau Says Available Income Up (XINHUA, 14 Sep 85).....	49
Guangxi Auditors Uncover Accounting Errors (XINHUA, 18 Sep 85).....	50

Hebei Tax Collection Procedures Reviewed (ZHONGGUO SHUIWU, No 7, 12 Jul 85).....	51
Briefs	
Anhui Highway Construction Bonds	60
MINERAL RESOURCES	
Briefs	
Jilin Bentonite Deposit	61
INDUSTRY	
Baoshan Iron-Steel Complex To Go Into Operation (XINHUA, 15 Sep 85).....	62
Briefs	
Retail Commodity Transactions Double	64
Baoshan No 1 Furnace Ignited	64
Durable Goods Production	64
DOMESTIC TRADE	
Wuhan's Open Policy Stimulates Commodity Circulation (XINHUA, 24 Sep 85).....	65
Cooperation Among Four Provinces, Chongqing Described (LIAOWANG, No 23, 10 Jun 85).....	66
Five Western Cities Reported Practicing Cooperation (LIAOWANG, No 23, 10 Jun 85).....	70
FOREIGN TRADE AND INVESTMENT	
Prospects for Indirect Trade With Taiwan Surveyed (Guo Zhao; GUOJI SHANGBAO, 8 Aug 85).....	73
Vice Mayor Outlines Shanghai's Growth Plan (XINHUA, 4 Sep 85).....	75
Shanghai Joint Ventures as Windows To Better Management (Shen Shiwei; LIAOWANG, No 31, 5 Aug 85).....	76
PRC, U.S. To Hold Telecommunications Conference (XINHUA, 7 Aug 85).....	78
Shandong Increases Tourist Facilities, Services (XINHUA, 4 Sep 85).....	79
Unhealthy Tendencies in Tourism Discussed (Chen Lian; LIAOWANG, No 19, 13 May 85).....	80

Briefs	
Trade With Taiwan Promoted	82
PRC-U.S. Joint Venture	82
Economic Zone Officials Trained	82
Inner Mongolia Seeking Foreign Cooperation	82
Hunan Customs Office	83
Shanghai Trade With Eastern Europe	83
Gran Exports To Surpass Imports	83
Fujian Province Renovating Coastal Towns	84
More Cotton Exports Expected	84
 SPECIAL ECONOMIC ZONES	
Shekou Industrial District Cited for Obeying Law (GUOJI SHANGBAO, 8 Aug 85).....	85
More Foreign Investors Visit Xiamen SEZ (GUOJI SHANGBAO, 8 Aug 85).....	86
Briefs	
Town for Overseas Chinese	87
SEZ's Attract More Foreign Capital	87
 LABOR AND WAGES	
Briefs	
Use of Fall-Out Shelters	88
 TRANSPORTATION	
Briefs	
Beijing Airport Fuel Purification	89
Jiangxi's New Port	89
Shenzhen Railway Overpass	89
Landslide Blocks Shaanxi, Gansu Railway	90
Vehicle Trading Rules Issued	90
 CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS	
Price, Wage Problems in Poland's Economic Reform (Pei Futian; SHIJIE JINGJI, No 7, 10 Jul 85).....	91
 HONG KONG MEDIA ON CHINA	
PRC Seeking High Technology in Equipment Sales Deals (Olivia Sin; SOUTH CHINA MORNING POST, 11 Sep 85).....	99
French Bank To Open Representative Office in Beijing (HONG KONG STANDARD, 11 Sep 85).....	101

Sixty Hong Kong Companies Apply for Patent Rights in PRC (SOUTH CHINA MORNING POST, 9 Sep 85).....	103
Shanxi Deputy Governor on Rules for Foreign Investors (TA KUNG PAO, 5 Sep 85).....	105
PRC Could Finance Capital Goods Purchases by Leasing (HONG KONG STANDARD, 9 Sep 85).....	107
Hong Kong Re-Export Figures Show Growing Taiwan-PRC Trade Links (Pual Baran; SOUTH CHINA MORNING POST, 5 Sep 85).....	108
Briefs	
Customs Office To Promote Foreign Trade	110

15 October 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

- Industrial Categories Defined
(ZHONGGUO NONGKEN [STATE FARMS AND LAND RECLAMATION],
No 6, 24 Jun 85)..... 1
- Price Liberalization as Key to China's Economic Growth
(Zhang Weiying; ZHONGGUO SHEHUI KEXUE [SOCIAL SCIENCES
IN CHINA], No 3, May 85)..... 3

ECONOMIC MANAGEMENT

- JINGJI RIBAO on Strengthening Enterprise Management
(Editorial; JINGJI RIBAO, 21 Aug 85)..... 21
- Better Fixed Assets Management for Rural, Small Town Enterprises
(Bao Weihe; NONGCUN CAIWU KUAIJI [RURAL FINANCIAL AFFAIRS],
No 7, 6 Jul 85)..... 24
- Importance of Macroeconomic Control to Reform
(Zhong He; LIAOWANG [OUTLOOK WEEKLY], No 26, 1 Jul 85).... 28
- Xinjiang Meeting on Implementing Factory Responsibility System
(Xinjiang Regional Service, 21 Aug 85)..... 33
- Briefs
Enterprise Management Strengthening Urged 34

FINANCE AND BANKING

Reasons for Using GNP Indicator (Guo Xibao; HUBEI RIBAO, 18 Jul 85).....	35
Shaanxi Meeting Calls for Action on Tax Evasion (Shaanxi Provincial Service, 25 Aug 85).....	37
Industrial and Commercial Bank of China Issues New Bonds (Chai Mao; JINGJI RIBAO, 31 Aug 85).....	38
Financial, Tax Revenue Work Conference Held (Shandong Provincial Service, 7 Sep 85).....	40
Summary of Discussion on Construction Bank Reform (Liu Dingping, Lu Xianhu; JINGJIXUE ZHOUBAO [ECONOMICS WEEKLY], 28 Jul 85).....	42
Price Adjustment, Control Discussed (Zhou Zi; HUBEI RIBAO, 1 Aug 85).....	45
Guangdong Revenues Show 29-Percent Increase (Li Sensheng; NANFANG RIBAO, 2 Aug 85).....	48
Briefs Xinjiang Tax Revenues Increase	49

INDUSTRY

Action Urged To Improve Industrial Performance (Yunnan Provincial Service, 8 Sep 85).....	50
Briefs Xinjiang Industrial Production Increases	51

CONSTRUCTION

Public Bidding Contract System Discussed (Jiang Yuan; JIANGZHU JINGJI [ARCHITECTURAL ECONOMY], No 7, 18 Jul 85).....	52
Upgrading Function of Construction for Higher Efficiency (JIANZHU [BUILDING CONSTRUCTION], No 8, 7 Aug 85).....	58
Completion of Pyrite Mine Reported (Yu Yuehua, Fan Renren; NANFANG RIBAO, 2 Jul 85).....	62
Large Cement Plant Soon To Be Built in Guangzhou (Liu Jun, et al.; NANFANG RIBAO, 3 Aug 85).....	63

FOREIGN TRADE AND INVESTMENT

Swedish Firms To Computerize Shenyang (DAGENS NYHETER, 6 Sep 85).....	65
Guangdong's New Measures To Boost Exports (Wang Yixia, Zhu Fucheng; GUOJI SHANGBAO [INTERNATIONAL BUSINESS], 8 Jul 85).....	67
Export Growth, Not Import Cuts Key to Foreign Exchange Woes (Wang Jian; GUOJI SHANGBAO [INTERNATIONAL BUSINESS], 8 Jul 85).....	70
Patent Bureau Director on Response Since Patent Law (Cao Shaojinag; GUOJI SHANGBAO [INTERNATIONAL BUSINESS], 8 Jul 85).....	74
Foreign Trade Growth, Profit-Loss Management Discussed (Xiang Yin; GUOJI MAOYI WENTI [INTERNATIONAL TRADE JOURNAL], No 3, Mar-Apr 85).....	76
Briefs	
National Meeting on Patents	84
USSR To Attend Beijing Trade Fair	84

LABOR AND WAGES

Reform of Wage System Discussed (Liu Tongde; JINGJI WENTI TANSUO [INVESTIGATION OF ECONOMIC PROBLEMS], No 4, 20 Apr 85).....	85
Briefs	
Xiannian Congratulates Labor Service	93

TRANSPORTATION

JIEFANGJUN BAO on Development of China's 1st Airship (Ma Xiaoyi; XINWEN SHE, 23 Aug 85).....	94
Yunnan Meeting Urges Action on Traffic Accidents (Yunnan Provincial Service, 23 Aug 85).....	97
Briefs	
International Containerized Cargoes Circular	98

HONG KONG MEDIA ON CHINA

Chinese, British Negotiators Fail To Resolve Air Route Impasse (Daniel Chung; SOUTH CHINA MORNING POST, 6 Sep 85).....	99
Hong Kong Airline Again Denied Charter Flights to Beijing (Robert Mayerson; SOUTH CHINA MORNING POST (BUSINESS NEWS supplement), 13 Sep 85).....	101
Hearing on Air Route Licenses Set for Late October or November (Robert Mayerson; SOUTH CHINA MORNING POST (BUSINESS NEWS supplement), 5 Sep 85).....	104
China's Banking System Changing Under Open Door Policy (TA KUNG PAO, 19 Aug 85).....	106
Hong Kong Paper Reports on Fujian Development Progress (Ophelia Suen; SOUTH CHINA MORNING POST, 13 Sep 85).....	108
Briefs Hong Kong Company Awarded Contract	111

HONG KONG ECONOMIC TRENDS

Australian Minister on Hong Kong, Trade With PRC (XINHUA, 9 Sep 85).....	111
Seminar Urges Hong Kong Technology Breakthrough (XINHUA, 4 Sep 85).....	113
Bank Foresees Recovery of Hong Kong Exports (XINHUA, 6 Sep 85).....	114
Briefs Trade Office To Fight Jenkins Bill	115

17 October 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

- Temporary Rules on Vehicle Trading Released
(CHINA DAILY, 20 Sep 85)..... 1

PROVINCIAL AFFAIRS

- Mao Zhiyong on Banning Changsha Company
(Zhong Jingde, Wen Boqi; XINHUA Domestic Service, 12 Sep 85). 3
- Northeast Provinces Hold Development Seminar
(Heilongjiang Provincial Service, 16 Sep 85)..... 5
- Northeast Cooperation Meeting Ends in Jilin
(Jilin Provincial Service, 12 Sep 85)..... 7
- Guizhou Township, Town Enterprise Bureau Directors Meet
(Guizhou Provincial Service, 24 Sep 85)..... 8
- Henan Governor Speaks on Development Strategy
(Henan Provincial Service, 15 Sep 85)..... 9
- Fujian's Hu Ping Investigates Mountainous Areas
(Xiao Hujia, Liu Xianpeng; XINHUA Domestic Service,
14 Sep 85)..... 10
- Readjustment of Guangxi's Rural Industry Successful
(ZHONGGUO XINWEN SHE, 12 Sep 85)..... 12
- People's Congress Meeting on Production, Vegetable Prices
(HEILONGJIAING RIBAO, 11 Sep 85)..... 13

Nei Monggol Agricultural, Industrial Achievements	
(Nei Monggol Regional Service, 29 Sep 85).....	15

Briefs

Yunnan Carries Out Extensive Inspection of Commodity Prices	17
Shandong Adopts Measures To Ferret Out Fake Commodities	17
Shandong Urban-Rural Market	18
Hunan Commodity Exchange Fair	18
Nei Monggol Commercial Development	18
Gansu Develops Industry	18

AGGREGATE ECONOMIC DATA

Briefs

Shandong Town Enterprises	19
---------------------------	----

ECONOMIC MANAGEMENT

Leadership of 50 Guangdong Priority Enterprises Reorganized	
(Guangdong Provincial Service, 24 Sep 85).....	20

Guangdong Creates New Rural Economic Cooperatives	
(Guangdong Provincial Service, 23 Sep 85).....	21

Guangdong Adopts Measures To Help Poor Areas	
(Guangdong Provincial Service, 12 Sep 85).....	22

Shaanxi Deputy Secretary Calls for Learning From Model Manager	
(Shaanxi Provincial Service, 3 Sep 85).....	23

Discipline Commission Lauds Pharmaceutical Plant	
(XINHUA Domestic Service, 12 Sep 85).....	24

Xizang Circular on Protecting Trademarks	
(Xizang Regional Service, 12 Sep 85).....	25

Guizhou Station Commentary on Self-Help Through Production	
(Guizhou Provincial Service, 10 Sep 85).....	27

Briefs

Youths Backbone of Construction	28
---------------------------------	----

FINANCE AND BANKING

Sichuan Holds Report Meeting on Financial Work	
(Sichuan Provincial Service, 15 Sep 85).....	29

Sichuan Increases Revenue, Sees Growth in Tax Revenue	
(Sichuan Provincial Service, 21 Sep 85).....	30

Shaanxi To Inspect Tax Collection, Financial Work (Shaanxi Provincial Service, 17 Sep 85).....	31
Official Speaks on Tax Collection Work (HEBEI RIBAO, 2 Sep 85).....	32
Nei Monggol Holds Financial, Tax Work Conference (NEIMENGGU RIBAO, 12 Sep 85).....	34
Heilongjiang Tax Conference Ends 21 September (Heilongjiang Provincial Service, 21 Sep 85).....	36
Hunan Financial Work Conference Ends 9 September (Hunan Provincial Service, 14 Sep 85).....	37
Finance Ministry Bans Illegal Festival Bonuses (XINHUA Domestic Service, 5 Sep 85).....	38
Financial Conference Calls for Controlling Expenses (HEBEI RIBAO, 6 Sep 85).....	40
Guangdong Holds Conference on Financial Discipline Inspection (Guangdong Provincial Service, 14 Sep 85).....	42
Hainan Begins Examination of Financial Discipline (Hainan Island Service, 18 Sep 85).....	43
Briefs	
Taxes, Finance, Prices Inspected	45
Tax Inspection	45
Guangdong Revenue	45
Tax, Financial Inspection Meeting	45
Guangdong Given Approval To Issue Bonds, Loans	46
Guangdong Granted Loan for Economic Development	46
Tax Evasion in Guangdong	46
Sichuan Issues Circular on Examination of Taxation, Financial Work	47

MINERAL RESOURCES

Status of Prospects for Mineral Geology Research in China (ZHONGGUO DIZHI, No 5, 13 May 85).....	48
Briefs	
Shenzhen Mineral Resources	56

INDUSTRY

Industry Plagued by Bottlenecks, Inefficiency (Goran Leijonhufvud; DAGENS NYHETER, 4 Sep 85).....	57
--	----

Liaoning Telephone Conference on Industrial Production (Liaoning Provincial Service, 16 Sep 85).....	62
Jiangxi's Jan-Aug Industrial Production Rises (Jiangxi Provincial Service, 22 Sep 85).....	64
Briefs	
Yunnan Industrial Production	66
Nei-Monggol Light, Textile Industry	66
Chemical Industry Minister Makes Inspection Tour	66
Xinjiang Industrial Enterprises	67
Fujian Electronics Industry	67
Shandong Industrial Output	67
Yunnan Industry	67
Qinghai Industrial Production	68
Sichuan Industrial Production Increases	68
Hunan Industrial Production	68
Nei Monggol Textile Industries	68
DOMESTIC TRADE	
Tianjin: Meeting Discusses Cooperation in Baohai Economic Circle (TIANJIN RIBAO, 13 Sep 85).....	69
Briefs	
Trade Fairs	70
FOREIGN TRADE AND INVESTMENT	
Shandong January-July Foreign Capital Utilization Reported (DAZHONG RIBAO, 12 Sep 85).....	71
Hebei To Import Fabrics Production Equipment (HEBEI RIBAO, 13 Sep 85).....	72
Briefs	
Trade Delegation Departs Hunan	73
Shandong Joint-Venture Plant	73
Qinghai's Overseas Joint Venture	73
SPECIAL ECONOMIC ZONES	
Shenzhen Takes Measure To Correct Arbitrary Exaction of Charges (ZHONGGUO XINWEN SHE, 16 Sep 85).....	74
Briefs	
Shantou Special Zone's Progress	75
LABOR AND WAGES	
Shandong Holds Second Light Industrial Workers' Congress (DAZHONG RIBAO, 2 Sep 85).....	76

Briefs**Employment in China****78****TRANSPORTATION**

Proper Role of Transportation in National Economy Outlined
(Shen Zhang; ZIRAN BIANZHENGFA TONGXUE, No 3, 6 Jun 85)..... 79

Shanghai Receives Container Ship Made in FRG
(XINHUA, 17 Sep 85)..... 96

Yunnan Province Improves Transportation
(XINHUA, 24 Sep 85)..... 97

Road Construction Picks Up in Northwest
(XINHUA, 28 Sep 85)..... 99

Briefs

New Shandong Harbor	102
Shanghai Container Facilities	102
Shengli Oilfield Opened	102
Shandong Deep-Water Berth	103
Huiyang-Nanchang Air Service	103
Guangdong Rail, Road, Shipping	103

22 October 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Journal on Mode of Management, Ownership (Xiao Liang; JINGJI YANJIU, No 7, 20 Jul 85)	1
JINGJI YANJIU Carries Report on PRC Rural Development (JINGJI YANJIU, No 7, 20 Jul 85)	3
GUANGMING RIBAO on Cause of Price Reform (Wu Jianqi; GUANGMING RIBAO, 14 Sep 85)	30

ECONOMIC DEVELOPMENT ZONES

Shandong Coastal Cities Attract Foreign Investors (XINHUA, 18 Sep 85)	32
Briefs Shandong: Yantai Economic Zone	33

ECONOMIC PLANNING

Hunan Advisory Committee Meets on Economic Development (Hunan Provincial Service, 26 Sep 85)	34
---	----

ECONOMIC MANAGEMENT

Guangdong Financial, Economic Inspection Groups Go to Grassroots (Guangdong Provincial Service, 22 Sep 85)	35
Briefs Fujian Taxation Inspection Meetings	36

FINANCE AND BANKING

Nature, Functions of China's Five Big Banks Discussed (Xiong Ji; ZHUANYEHU JINGYINGBAO, 10 Aug 85)	37
---	----

- a -

Establishment of Multipurpose Bank in Shanghai Urged (Tu Xinjun; SHIJIE JINGJI DAOBAO, 5 Aug 85)	39
Yunnan Holds Provincial Financial Work Conference (Yunnan Provincial Service, 22 Sep 85)	41
Briefs	
Nei Monggol Supply Department's Profits	43
Money-Losing Enterprises Drop	43
Hainan Tax Collection	43
Nei Monggol Revenue	43
Shandong People's Deposits	43
INDUSTRY	
Hunan Vigorously Develops Petrochemical Industry (Hunan Provincial Service, 25 Sep 85)	44
JINGJI RIBAO Reports Auto Industry Growth (XINHUA, 21 Sep 85)	45
Hao Jianxiu Calls for Better Children's Products (XINHUA Domestic Service, 20 Sep 85)	46
Briefs	
Anhui Military Industry Enterprises	47
Jiangxi Foreign Investment	47
Jiangxi Enterprise Consolidation	47
Jiangxi Joint Ventures	47
DOMESTIC TRADE	
Briefs	
Joint Operations Welcomed	48
FOREIGN TRADE AND INVESTMENT	
RENMIN RIBAO Cited on Using Foreign Exchange (ZHONGGUO XINWEN SHE, 5 Sep 85)	49
Hunan Issues Circular on Export Quotas, Foreign Exchange Earnings (Hunan Provincial Service, 15 Sep 85)	51
Foreign Exchange Earnings From Tourism Increase (Nie Lisheng; CHINA DAILY, 18 Sep 85)	52
Shanghai Foreign Trade, Dynamic Comparative Advantage (Wang Yaotian; SHIJIE JINGJI WENHUI, No 3, 5 Jun 85)	54
Swedish Small Businesses Planning China Exports (Per-Erik Landqvist; SVENSKA DAGBLADET, 16 Sep 85)	67

State Council Report Governs Corn Exports (XINHUA, 13 Sep 85)	69
Tianjin Reports Joint Ventures With Foreigners (XINHUA, 14 Sep 85)	70
JINGJI RIBAO on Taxation of Foreign Investors (Jin Xin; JINGJI RIBAO, 8 Aug 85)	71
XINHUA Views Guangdong Benefits From Open Policy (XINHUA, 14 Sep 85)	76
Briefs	
Hebei Foreign Contracts	77
Guangxi Foreign Investment Contracts	77
Guangdong Foreign Exchange Earnings	78
Shandong Foreign Investment Contracts	78
Xizang: Multinational Tourism Group	78
Anhui Foreign Investments	78
Zhejiang: Large Export Orders	78
Trade Fair Ends	79
Wang Fang Attends Reception	79
PRC Southwest	79
Wool Products' Woolmark Win	80
Technology Import Contracts	80
Guangdong Overseas Law Office	80
Foreign Contracts Signed	80

SPECIAL ECONOMIC ZONES

Shenzhen's Shekou Develops Export Industries (XINHUA, 17 Sep 85)	81
---	----

Briefs	
Macao Bank Opens Branch	82

PUBLICATIONS

Briefs	
SICHUAN GONGREN BAO Title Change	83

HONG KONG MEDIA ON CHINA

Nonmetallic Minerals Production Center (HONG KONG STANDARD, 6 Sep 85)	84
Sichuan Defense Industries Produce Consumer Goods (SOUTH CHINA MORNING POST, 19 Sep 85)	85

24 October 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

- Balance Between Production, Consumption Advocated
(Liu Suinian; JINGJI LILUN YU JINGJI GUANLI, No 3,
25 May 85)..... 1

PROVINCIAL AFFAIRS

- Small Businesses Flourishing in Guangdong
(XINHUA, 27 Sep 85)..... 9

ECONOMIC DEVELOPMENT ZONES

- Discussion of Laws Needed for Economic, Technical Zones
(Tang Jianyu; FUJIAN LUNTAN, No 6, 5 Jun 85)..... 10
- Priority Telecommunications Projects in EDZ's Outlined
(Wu Jichuan Interview; RENMIN RIBAO, 6 Jul 85)..... 14

ECONOMIC PLANNING

- Roundup of Developments During Sixth 5-Year Plan
(CHINA DAILY, 1 Oct 85)..... 16
- CHINA DAILY Commentator on Seventh 5-Year Plan
(CHINA DAILY, 26 Sep 85)..... 18
- Resolving Issue of Rural, Small Town Enterprise Funds
(Zhao Tianzhen; SHAANXI RIBAO, 20 Jun 85)..... 20
- 'Remarkable Economic Reform' in Suizhou City Reported
(RENMIN RIBAO, 4 Aug 85)..... 22

ECONOMIC MANAGEMENT

- Shenyang Enterprises Ordered To Shape Up or Close Down
(Zhou Baohua; RENMIN RIBAO, 4 Aug 85) 25

FINANCE AND BANKING

- Tightening of Credit Needed To 'Prevent Overheating of Economy'
(Chen Muhua; ZHONGGU JINRONG, No 7, 4 Jul 85)..... 26
- Agricultural Bank Loans Aid Rural Economy
(XINHUA, 24 Sep 85)..... 32
- Briefs
- Tax Receipts January-August Up This Year 33
 - Interest Rates Stimulate Savings ... 33
 - Insurance Business Prospers 33

INDUSTRY

- New Computer Speeds Input of Chinese Characters
(Shen Feiyue; CHINA DAILY, 2 Oct 85)..... 34

CONSTRUCTION

- Briefs
- Bank Loans for Rural Roads 36

DOMESTIC TRADE

- Role of Inland Cities in Opening Nation to Outside World
(Peng Tonghu; SICHUAN DAXUE XUEBAO, No 2, Apr-Jun 85)..... 37

FOREIGN TRADE AND INVESTMENT

- Prospects for Direct Investment by Japanese Enterprises
(Jin Fengde; SHIJIE JINGJI, No 8, 10 Aug 85)..... 46
- Weaknesses, Problems Remaining in Import Work
(Yan Zheng; FUJIAN LUNTAN, No 6, 5 Jun 85)..... 50
- Foreign Economic Contract Law Analyzed
(Zhang Liansheng; FUJIAN LUNTAN, No 6, 5 Jun 85)..... 56
- Special Features of Limitations to China's Patent Law
(Zheng Chengsi; GUOJI MAOYI WENTI, No 3, May-Jun 85)..... 61

SPECIAL ECONOMIC ZONES

- Forms of Enterprise Ownership in SEZs Discussed
(Chen Haisui; FUJIAN LUNTAN, No 6, 5 Jun 85)..... 65

LABOR AND WAGES

XINHUA Details PRC Employment Statistics (XINHUA, 22 Sep 85).....	70
Briefs	
Fujian Sends Technicians, Laborers Abroad	71

PUBLICATIONS

Briefs	
Yearbook Publication	72

TAIWAN

Briefs	
Lower Economic Growth Predicted	73

HONG KONG MEDIA ON CHINA

Lee Kuan Yew Signs Deal To Refine PRC Crude (Christopher Chen; SOUTH CHINA MORNING POST, 2 Oct 85)....	74
PRC To Continue Foreign Exchange, Import Restrictions (John Mulcahy; SOUTH CHINA MORNING POST, 1 Oct 85).....	76
Hong Kong: Civilian Production by PRC Defense Industry (Hsiao Chung; CHENG MING, No 95, 1 Sep 85).....	79
Shanghai Takes Delivery of MD-80 Jetliner (L. Amerine; HONG KONG STANDARD, 2 Oct 85).....	85
Venezuelan Trade Mission Visits PRC Via Hong Kong (Ernie Pereira; HONG KONG STANDARD, 3 Oct 85).....	87

HONG KONG ECONOMIC TRENDS

Hong Kong Businessmen on Impact of Jenkins Bill (XINHUA, 20 Sep 85).....	89
Hong Kong Editorial Warns of Chaos if Jenkins Bill Passed (Editorial; SOUTH CHINA MORNING POST, 23 Sep 85).....	90
Hong Kong Trade Director Still Opposes Amended Jenkins Bill (SOUTH CHINA MORNING POST, 24 Sep 85).....	92
Asian Banking Conference Opens in Hong Kong (XINHUA, 24 Sep 85).....	94
Hong Kong Retail Sales Four Percent Lower Than July 1984 (HONG KONG STANDARD, 4 Oct 85).....	96

August Figures Show Hong Kong Domestic Exports Down (Diane Stormont; SOUTH CHINA MORNING POST, 26 Sep 85).....	98
Monetary Collection Sets Record in Hong Kong (TA KUNG PAO, 4 Sep 85).....	100
Briefs Hong Kong Banker Discusses Protectionism	102

28 October 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Reform Rationalizes Rural Industrial Structure (XINHUA, 21 Sep 85)	1
North-South Economic Relations Discussed (Zhang Shie; GUOJI WENTI YANJIU, No 3, 13 Jul 85)	2
Journal on Revitalizing Small Enterprises by Leasing (Ji Zhaoquan, Yao Yijia; JINGJI YANJIU, No 8, 20 Aug 85).	16
Healthy Rural, Small Town Enterprises Still Need Help (ZHONGGUO XIANGZHEN QIYE BAO, 14 Aug 85)	30

PROVINCIAL AFFAIRS

Radio Commentary Welcomes Central Delegation to Xinjiang (Xinjiang Regional Service, 29 Sep 85)	32
Hubei Reports Increase in Urban, Rural Income (Hubei Provincial Service, 1 Oct 85)	33
Meeting of Supply, Marketing Cooperative Directors Held (Hebei Provincial Service, 14 Sep 85)	34
Provincial Rally To Commend Radio, TV Workers Held (Heilongjiang Provincial Service, 6 Oct 85)	35
Heilongjiang Meeting on Dealing With Economic Crimes (Heilongjiang Provincial Service, 3 Oct 85)	36
Heilongjiang Achievements in Township Enterprises (Heilongjiang Provincial Service, 1 Oct 85)	38

- a -

Commentary on Car Incident (Hainan Ribao, 3 Sep 85)	39
Hebei Province's Achievements in Commercial Reform (HEBEI RIBAO, 18 Sep 85)	42
Gansu Governor Receives Japanese Delegation (Gansu Provincial Service, 3 Oct 85)	43
Commercial Commission Established in Harbin (Heilongjiang Provincial Service, 20 Sep 85)	44
Liaoning Achievements in Township Enterprises Cited (Liaoning Provincial Service, 29 Sep 85)	45
Xinjiang Development, Construction Discussed (Editorial; RENMIN RIBAO OVERSEAS EDITION, 30 Sep 85)	46
Nei Monggol Statistics on Workers' Living Situation (Nei Monggol Regional Service, 1 Oct 85)	50
Jilin Achievements in Urban Enterprises (Jilin Provincial Service, 2 Oct 85)	51
Shaanxi Fulfills Main Targets on Sixth 5-Year Plan Early (Shaanxi Provincial Service, 30 Sep 85)	52
Hubei Holds Symposium on Serious Economic Crimes (Hubei Provincial Service, 27 Sep 85)	53
Shandong Governor Speaks at Press Unit Conference (Shandong Provincial Service, 4 Oct 85)	54
Yunnan Official Discusses Provincial Economy (Yunnan Provincial Service, 27 Sep 85)	56
Jiangsu People's Congress Session Opens 16 September (Jiangsu Provincial Service, 16 Sep 85)	58
Briefs	
Yunnan Promotes Economic Cooperation	60
Yunnan Develops Commodity Economy	60
Shaanxi Enterprises	60
Economic, Technological Cooperation Progress	61
Qinghai Reform Plans	61
Xinjiang Leaders Visit Mill	61
Economics Institute Opens	62
New TV Station Broadcasts	62
Call for Faster Development	62
Sino-Italian Training Center Completed	62
Procurators Act Against Criminals	63

ECONOMIC DEVELOPMENT ZONES

YANTAI Uses Foreign Funds To Upgrade Old Enterprises (RENMIN RIBAO, 5 Jul 85)	64
--	----

ECONOMIC MANAGEMENT

Yunnan Government Issues Circular on Inspecting Prices (Yunnan Provincial Service, 19 Sep 85)	65
Effective Way To Improve Enterprise Management (ZHONGGUO XIANGZHEN QIYE BAO, 14 Aug 85)	66
Briefs	
Conservation of Raw Materials	68

FINANCE AND BANKING

PRC Currency Exchange Rate at Lowest Level in 2 Years (AFP, 3 Oct 85)	69
Reforms in Tax Collection Work Discussed (Tian Jiyun; JINGJI RIBAO, 29 Aug 85)	71
Briefs	
Ancient Coins Found	78

MINERAL RESOURCES

Briefs	
Ningxia Silican Deposits	79
Jiangsu Salt Mines	79
Qinghai Mineral Discovery	79

INDUSTRY

Guizhou Radio Reports Industrial Production Figures (Guizhou Provincial Service, 19 Sep 85)	80
Heilongjiang Progress in Building-Materials Industry (Heilongjiang Provincial Service, 1 Oct 85)	82
Guangdong Issues to Local Chemical Fertilizer Plants (Guangdong Provincial Service, 28 Sep 85)	83
Briefs	
Fujian Fungus Industry	84
Shandong Bromide Production Technology	84
Baoshan Steel Converter	84
Yunnan Develops Building Industry	85
Jiangxi Tungsten Products	85

CONSTRUCTION

Briefs

Report on Urban Construction	86
New Guangdong Bridge	86

FOREIGN TRADE AND INVESTMENT

Sino-Swedish Agreement To Facilitate Trade Concluded (Bjorn Anders Olson; DAGENS NYHETER, 13 Sep 85)	87
---	----

Zhejiang's Coastal Peasants Active in Foreign Trade (Lin Nan; RENMIN RIBAO, 3 Jul 85)	89
--	----

Briefs

Guangdong Opens Exhibition	91
----------------------------	----

SPECIAL ECONOMIC ZONES

Zhuhai Mayor on City's Preferential Treatment (Liang Guangda; RENMIN RIBAO, 6 Jul 85)	92
--	----

Report on Rapid Development of Zhuhai's Economy (Feng Xiao; RENMIN RIBAO, 6 Jul 85)	94
--	----

TRANSPORTATION

PRC To Speed Port Construction in Next 5 Years (XINHUA, 20 Sep 85)	96
---	----

Harbor Construction in New Development Stage (XINHUA, 30 Sep 85)	97
---	----

PRC-Singapore Companies To Develop Shenzhen Harbor (XINHUA, 19 Sep 85)	99
---	----

New Electric Locomotive Developed To Haul Coal (XINHUA, 24 Sep 85)	100
---	-----

Briefs

Beijing's Airfreight Service	101
Shaanxi Railway Line	101
Liaoning's Dandong Port	101

HONG KONG MEDIA ON CHINA

Report Examines Necessary PRC Growth Rate (John Muncahy; SOUTH CHINA MORNING POST, 7 Oct 85)	102
---	-----

Guilin, U.S. Bank Discuss Establishment of Airline (HONG KONG STANDARD, 7 Oct 85)	105
--	-----

Briefs

Helicopter Service to PRC	107
Macao Talks	107

30 October 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Economic Structural Reform, Reform of Statistical Work Discussed (Yue Wei; TONGJI YANJIU, No 1, 7 Mar 85)	1
Development of Rural Industry Discussed (Dong Han Ting, Xue Tao; JINGJI GUANLI, No 8, 5 Aug 85) .	11
State Monopoly in Transport Services Ends (XINHUA, 4 Oct 85)	16
Official on Progress in Economic Restructuring (XINHUA, 6 Oct 85)	18
PRC's Industrial Output Value Increases (XINHUA, 10 Oct 85)	20
Economic Commission on Jan-Sep Energy Output (XINHUA, 10 Oct 85)	21
PRC Measures To Slow Industrial Growth Effective (XINHUA, 10 Oct 85)	22
National Urban Environmental Conference Opens (XINHUA, 11 Oct 85)	24
XINHUA on Coming National Industrial Survey (XINHUA, 11 Oct 85)	25
First Stage Price Reform Termed 'Plain Sailing' (XINHUA, 12 Oct 85)	26

Briefs

Loans for Railway Construction	28
Light Industry Output Record	28
New Regulations for Resource Use	28
Transport, Postal Service Laws	29
'Northeast Economic Zone' Established	29
Asia-Pacific Telecommunications Meeting	29

PROVINCIAL AFFAIRS

Hebei Surpassed Sixth 5-Year Plan Industrial Output Targets (Hebei Provincial Service, 29 Sep 85)	30
Jiangsu Industry Shows Steady Development (ZHONGGUO XINWEN SHE, 10 Oct 85)	31
RENMIN RIBAO, XINHUA on Central Delegation in Xinjiang (XINHUA Domestic Service, 12 Oct 85)	32
Jilin Organizes Work Groups for Disaster-Hit Areas (Jilin Provincial Service, 12 Oct 85)	35
Tianjin: Municipal People's Congress Session Opens (Tianjin City Service, 12 Oct 85)	37
Shandong Holds Forum on Work of Islands (Shandong Provincial Service, 13 Oct 85)	40
Briefs	
Guangdong Develops Industry, Economy	42
Artistic Works Exhibition	42
Japanese Businessmen in Xinjiang	42

ECONOMIC DEVELOPMENT ZONES

Gu Mu--No Change in Open Coastal Cities Policy (XINHUA, 24 Sep 85)	43
---	----

ECONOMIC PLANNING

Shanghai Mayor Interviewed on New Technologies (XINHUA, 10 Oct 85)	44
XINHUA Comments on Next Steps in Economic Plans (XINHUA, 11 Oct 85)	45
Lanzhou Office for Provincial Cooperation Planned (XINHUA, 13 Oct 85)	47

ECONOMIC MANAGEMENT

Top Chinese Economist on Development of West China (Xue Muqiao; JINGJI RIBAO, 11 Aug 85)	48
---	----

Briefs		
Leadership Groups Reorganized		50
FINANCE AND BANKING		
Bank Functions Must Be Vigorously Developed		
(Pan Muping; SHIJIE JINGJI DAobao, 15 Jul 85)		51
Briefs		
Yunnan Financial Revenue		54
INDUSTRY		
Briefs		
Industrial Production Statistics		55
CONSTRUCTION		
Briefs		
Xinjiang Railway Construction		56
DOMESTIC TRADE		
National Garment Exhibition Opens in Beijing		
(XINHUA, 30 Sep 85)		57
FOREIGN TRADE AND INVESTMENT		
Sino-U.S. Car Assembly Venture Begins Production		
(AFP, 26 Sep 85)		59
XINHUA Notes Growth of PRC Economic Legislation		
(XINHUA, 28 Sep 85)		61
PRC to Gradually Tighten Controls Over Exports		
(Lawrence MacDonald; AFP, 9 Oct 85)		63
Beijing Press Briefing Held on Guangzhou Fair		
(XINHUA, 9 Oct 85)		65
International Economic, Technological Cooperation, Trade Talks		
(HEBEI RIBAO, 3 Sep 85)		66
Briefs		
Electronic Products Exports		67
Boost in Tourist Trade		67
Ministries Issue Import Inspection Regulations		67
People's Daily Computerized		68
Growing Export Market		68
Guangdong Power Investments		68
Chinese-German Training Center		69

SPECIAL ECONOMIC ZONES

Special Economic Zones Increase Commodity Exports (XINHUA, 28 Sep 85)	70
--	----

Briefs Shenzhen Exports Develop	72
--	----

LABOR AND WAGES

Technical Personnel Made Trade Union Leaders in Beijing (GONGREN RIBAO, 14 Aug 85)	73
---	----

Briefs Jordanian Trade Union Delegation	76
--	----

TRANSPORTATION

Reconstruction of Qinghai-Xizang Highway Completed (Xu Haifan; JINGJI RIBAO, 17 Aug 85)	77
--	----

PUBLICATION

Briefs Mongolian History Annual	78
--	----

ABSTRACTS

INTERNATIONAL FINANCE

SHIJIE JINJI [WORLD ECONOMY], No 7, 10 Jul 85	79
---	----

TAIWAN

Vice Economics Minister on U.S. Trade Protection (CNA, 4 Oct 85)	80
---	----

September Foreign Trade Figures Up Over 1984 (CNA, 9 Oct 85)	81
---	----

Briefs U.S. Textile Quota Bill	82
Taiwan-U.S. Trade Talks	82
Lower Economic Growth	82

HONG KONG MEDIA ON CHINA

Yanbian Implements Open Door Policy (Jiang Guoyuan; TA KUNG PAO, 10 Sep 85)	84
--	----

PRC Increases Number of Guarantors for Foreign Loans (Paul Sham; SOUTH CHINA MORNING POST, 30 Sep 85)	86
Macao, PRC To Establish Industrial Joint Venture (Paul Sham; SOUTH CHINA MORNING POST, 9 Oct 85)	88
Exports Committee Speeds Up Licensing for High-Tech Goods to PRC (Peter Robinson; SOUTH CHINA MORNING POST, 9 Sep 85)	90
Now Miniscule, Coal Exports Could Take a Quantum Leap (Zhao Wei; JINGJI DAobao, No 33, 19 Aug 85)	92
PRC Paper Criticizes Provinces for Buying Luxuries (AFP, 8 Oct 85)	96
New Airline To Be Set Up in Southern China (SOUTH CHINA MORNING POST, 5 Oct 85)	97
Guangxi To Improve Export Transport Ability (Esme Lau; HONG KONG STANDARD, 7 Oct 85)	99

31 October 1985

CHINA REPORT
ECONOMIC AFFAIRS
ENERGY: STATUS AND DEVELOPMENT--43

CONTENTS

NATIONAL POLICY

Power Minister Confident That Power Output Plans Will be Met (RENMIN RIBAO, 29 Aug 85).....	1
Energy Status Report for First Half of 1985 (Zhang Heping; RENMIN RIBAO, 12 Jul 85).....	3
Energy Growth in Sixth 5-Year Plan Recapped (XINHUA, 16 Sep 85).....	6
Key Energy Projects Get Priority Attention (XINHUA, 21 Sep 85).....	7
Huai He River Basin To Be Biggest Energy Center in Central China (RENMIN RIBAO, 12 Sep 85).....	8
Guizhou's Coal, Hydropower Resources Are Development Targets (Li Yongfu; JINGJI DILI, No 2, May 85).....	9

POWER NETWORK

Ningxia Experiences Severe Power Shortage (NINGXIA RIBAO, 14 May 85).....	11
Ningxia 200KV Power Line To Be Completed Ahead of Schedule (NINGXIA RIBAO, 14 May 85).....	13
Jilin To Accelerate Power Construction (Li Wen; JILIN RIBAO, 29 Apr 85).....	14
New Jilin Power Plant To Relieve Energy Shortage (JILIN RIBAO, 19 Jul 85).....	18

Beijing, Tianjin, Tangshan Get More Electricity (XINHUA, 17 Sep 85).....	20
Fujian Power Output Increases 50 Percent in 5 Years (ZHONGGUO XINWEN SHE, 27 Sep 85).....	21
Beijing, Tianjin, Tangshan Use Much of Shanxi's Electricity (Wang Aisheng; RENMIN RIBAO, 28 Sep 85).....	22
Briefs	
Ningxia's First 220KV Substation	24
Ningxia 330KV Project	24
Beijing 500KV Line	24
Beijing 220KV Lines	25
Nei Monggol Power Industry	25
Hebei Increases Output, Consumption	25
Sichuan 220KV Line Finished	26
Northeast Grid Expansion	26
Xinjiang Power Industry	26
Record Output for East China Grid	26

HYDROPOWER

Suggested Development Scheme for Middle Course of the Huang He (Wei Yonghui; SHUILI SHUIDIAN JISHU, No 6, 20 Jun 85).....	27
Fifteen Power Stations Planned for Upper Course of Huang He (XINHUA, 26 Sep 85).....	34
Status of Small-Scale Hydropower as of Mid-1985 Reviewed (ZHONGGUO SHUILI, No 8, 15 Aug 85).....	35
Small Hydropower Projects Bring Electricity to Mountain Counties (RENMIN RIBAO, 14 Sep 85).....	36
Briefs	
Shuifeng Expansion Begun	37
Hunan Small-Scale Hydropower	37
Xiaxikou Update	37
Heilongjiang Small-Scale Stations	38
Jiangxi Small-Scale Stations	38
Yunnan Small-Scale Hydropower	38

THERMAL POWER

Shentou 200MW Unit Begins Operation (Cui Luozhe; XINHUA Hong Kong Service, 24 Sep 85).....	39
Briefs	
Taizhou Update	40
Yongan Update	40
Henan Small Plants	40

Shuangyashan Update	41
Smooth Progress of Leiyang Project Assured	41
New Liaoning 100 MW Plant	41

COAL

Coal Market in First Half of 1985 Examined (RENMIN RIBAO, 24 Jul 85).....	42
State-Owned Coal Mines Boost Output (XINHUA, 21 Sep 85).....	44
State Council Calls for Development of Urban Coal Gas Supply (NINGXIA RIBAO, 22 Jul 85).....	45
Hebei Production Meets Targets of Sixth Five-Year Plan (Hebei Provincial Service, 16 Sep 85).....	47
Ningxia Coordinates Coal Production and Transport (NINGXIA RIBAO, 16 May 85).....	48
Development of Anhui's Local Coal Mines Urged (Liu Hongsheng; ANHUI RIBAO, 7 May 85).....	50
Shanxi Exhibition Aimed at Foreign Machinery Manufacturers (XINHUA, 2 Oct 85).....	52
Briefs	
Big Sichuan Project Approved	53
Slurry Pipeline Test Center	53
New Liaoning Field	53
Huaihe Basin Coal Center	54
Shanxi Output	54

OIL AND GAS

Big Investments Paying Off for China, Foreign Partners (XINHUA, 27 Sep 85).....	55
Daqing Expected To Produce 55 Million Tons in 1985 (XINHUA, 7 Oct 85).....	57
Qaidam's Oil Reserves Compared to Those of Saudi Arabia (WEN WEI PO, 16 Sep 85).....	58
New High-Yield Well Sunk in Pearl River Estuary (XINHUA, 29 Sep 85).....	59
New Strikes Raise Hopes for Pearl River Estuary (XINHUA, 25 Sep 85).....	60

CNOOC, Foreign Companies Sign Agreement on Offshore Gas (XINHUA, 28 Sep 85).....	62
Oil Deposits Explored in Xinjiang (XINHUA, 27 Sep 85).....	63
Estimate of Karamay Oil Reserves Increased (XINHUA, 24 Sep 85).....	64
New Concept in Oil Prospecting Stirs Interest (XINHUA, 24 Aug 85).....	65
First Production Well To Be Sunk in Bohai Field (XINHUA, 11 Sep 85).....	66
Prospects for Oil Resources in Mesozoic Basins in East China (Liu Yuying; SHIYOU KANTAN YU KAIFA, No 1, 1985).....	67
Briefs	
Liaoning Gas Pipelines	76
Shengli Output Up	76
Daqing Underground Gas Storage	76
Shengli Output Increases	77
Karamay Steam Injection	77
New Drilling Technique	77
NUCLEAR POWER	
Heilongjiang Nuclear Power Plant Equipment Company Formed (Heilongjiang Provincial Service, 21 Sep 85).....	78
Briefs	
Zhejiang Nuclear Power Plant	80
SUPPLEMENTAL SOURCES	
Gansu a Leader in Solar Energy Research, Application (XINHUA, 29 Sep 85).....	81
Status, Prospects for PRC's Geothermal Resources (Zhang Yecheng, et al.; ZHONGGUO DIZHI, No 1, 13 Jan 85)...	82
Briefs	
Yangbajing Geothermal Plant Expansion	90
CONSERVATION	
Briefs	
Energy Conservation Stressed	91
Liaoning Energy Conservation	91

1 November 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Journal on Urban, Rural Economic Interflow (Liu Gong, et. al.; JINGJI YANJIU, No 8, 20 Aug 85).....	1
PRC Official Strategy for Importing Technology (Ge Hong; KAIFANG, 8 Sep 85).....	11
JINGJI YANJIU on Changing Enterprises to Stock Companies (Cao Wenlian; JINGJI YANJIU, No 8, 20 Aug 85).....	21
Lu Dong Speaks at Meeting on Economic Situation (Ge Daxing; XINHUA, 12 Oct 85).....	31

PROVINCIAL AFFAIRS

Hebei Province's Achievements in Communications, Transport (HEBEI RIBAO, 20 Sep 85).....	33
Hebei Progress in Industrial Production Reported (Hebei Provincial Service, 21 Sep 85)	34
Beijing Holds People's Congress Standing Committee Meeting (Beijing City Service, 26 Sep 85).....	36
Fujian Circular on Studying CPC Documents (FUJIAN RIBAO, 28 Sep 85).....	37
Beijing Achievements in Economic Aspect (Beijing City Service, 29 Sep 85).....	39

Yunnan People's Congress Standing Committee Meets (Yunnan Provincial Service, 7 Oct 85).....	41
Ni Xiance Speaks at Jiangxi Government Meeting (Jiangxi Provincial Service, 8 Oct 85).....	42
Shanxi Issues Circular on Correcting Extravagances (Shanxi Provincial Service, 9 Oct 85).....	43
Xinjiang: Central Delegation Tours Cities (Xinjiang Regional Service, 9 Oct 85).....	44
Shanxi Commentary Calls for Correcting Extravagance (Shanxi Provincial Service, 9 Oct 85).....	46
Heilongjiang Reports Illegal Purchases of Scrap Steel (Heilongjiang Provincial Service, 9 Oct 85).....	48
Yunnan Congress Standing Committee on Controlling Prices (Yunnan Provincial Service, 10 Oct 85).....	50
Shandong Helps Poor Areas Develop Economy (Wang Jinye, Liu Guanghui; XINHUA, 10 Oct 85).....	52
Jilin Enlarged CPC Standing Committee Meeting (Jilin Provincial Service, 11 Oct 85).....	53
Sichuan Leaders Discuss Current Situation (Sichuan Provincial Service, 13 Oct 85).....	57
Hunan Governor Reports on Work to NPC Inspection Group (Hunan Provincial Service, 13 Oct 85).....	59
Jilin Commentary on Giving Priority To Reform (Jilin Provincial Service, 13 Oct 85).....	60
Jiangsu's Light Industry Sector Thriving (XINHUA, 16 Oct 85).....	62
Briefs	
Economic Combination Established	63
Gansu Material Supply Problems	63
Hainan Expands Economic Cooperation	63
Heilongjiang Machinery, Equipment Exhibit	64
Anhui Governor Visits Hefei Company	64
Liaoning Delegation to DPRK	64
Hebei Situation in National Economy	65
Qinghai Fixed Assets Investment	65
Third Quarter Exports	65

ECONOMIC PLANNING

Shanghai Changes in 6th 5-Year Plan Period (JIEFANG RIBAO, 3 Oct 85).....	66
--	----

ECONOMIC MANAGEMENT

Shandong Makes Progress in Technological Transformation (DAZHONG RIBAO, 23 Sep 85).....	70
Beijing Commercial Bureau Director on Economic Contract Law (Beijing City Service, 28 Sep 85).....	72
Shaanxi Defense Enterprises Carry Out Reforms (Shaanxi Provincial Service, 5 Oct 85).....	74
Sichuan Government Meets on Controlling Market Prices (Sichuan Provincial Service, 10 Oct 85).....	75
Tangshan Quake Victims Return to Business (XINHUA, 8 Oct 85).....	76
Gansu Leader Outlines Tasks of Economic Reform (Gansu Provincial Service, 14 Oct 85).....	77
Briefs	
Beijing Consolidates Major Enterprises	78
Liaoning Circular on Excessive Levies	78
Production, Trade Combined	79

FINANCE AND BANKING

Rise, Control of China's Non-Banking Institutions Discussed (Shen Kaiwen; JINGJI RIBAO, 9 Sep 85).....	80
---	----

INDUSTRY

Wuhai Boosts Industry; Seeks Foreign Funds (XINHUA, 9 Oct 85).....	85
Ministry Reports Beverage Industry Growing (XINHUA, 10 Oct 85).....	87
Imported Equipment at Baoshan Complex Pays Off (XINHUA, 13 Oct 85).....	88
Zhang Jingfu on Nationwide Industrial Survey (XINHUA, 16 Oct 85).....	90

CONSTRUCTION

PRC To Build 200 New Berths in Next 5 Years (XINHUA, 8 Oct 85).....	92
Local, Foreign Experts Cooperate in Shanghai (XINHUA, 9 Oct 85).....	94
Houses Built in Shanghai for Private Sale (XINHUA, 10 Oct 85).....	96
Guangxi Construction Projects Ahead of Schedule (XINHUA, 13 Oct 85).....	97
Briefs	
Yunnan Power Plants	99

FOREIGN TRADE AND INVESTMENT

FRG Ranks First Among Technology Transfer Partners (W. Pester; VDI NACHRICHTEN, 13 Sep 85).....	100
Briefs	
Sino-Czechoslovak Cooperation Protocol Signed	102

TRANSPORTATION

Nei Monggol Scores Achievements in Highway Transport (Nei Monggol Regional Service, 6 Oct 85).....	103
More Railways Improvements Planned Over Five Years (XINHUA, 6 Oct 85).....	104
Beijing Center of Airfreight Service Expansion (XINHUA, 6 Oct 85).....	106
Chengdu Aviation Bureau Assists Xizang (Xizang Regional Service, 9 Oct 85).....	107
Guangdong Sets Up Marine Salvage Center (XINHUA, 11 Oct 85).....	109
Briefs	
Freight Transport System Upgraded	110
Deep-Water Harbor Opens	110
Hebei Appraises New Airplanes	110

ABSTRACTS

INTERNATIONAL ECONOMIC AFFAIRS

SHIJIE JINGJI [WORLD ECONOMY], No 6, 10 Jun 85.....	111
---	-----

6 November 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

JINGJI RIBAO Editorial Call for Balanced Budget in 1985 (ZHONGGUO XINWEN SHE, 23 Aug 85)	1
PRC Customs Official Discusses Smuggling Cases (Liu Dizhong; CHINA DAILY, 3 Aug 85)	2
Briefs	
More International Mail Handled	4

PROVINCIAL AFFAIRS

Xizang Participation in West China Seminar (Xizang Regional Service, 5 Sep 85)	5
Xizang Official Reports on Government Subsidy (XINHUA, 30 Aug 85)	6
Industrial Production in Ningxia Shows 'Amazing Gains' (Wang Jianpeng; NINGXIA RIBAO, 26 Jul 85)	7
Rural, Small Town Enterprises Report Good Economic Results (Ding Feng; XINHUA RIBAO, 23 Aug 85)	9
Briefs	
Yunnan Scientific, Technological Research	11
Directives to County Plans	11
Leaders Inspect Chengdu Markets	11
Guangdong INTEL Service	12
Northeast Economic-Technical Association	12
Financial Problems Noted	12

ECONOMIC DEVELOPMENT ZONES

Development Strategies for Minnan Economic Zone (Zhang Gong; FUJIAN LUNTAN, No 8, 5 Aug 85)	13
Modernization Underway in Shandong Delta Area (XINHUA, 5 Aug 85)	20
Briefs	
Lianyungang Under Construction	21

ECONOMIC MANAGEMENT

Wuhan Commission Calls for Better Enterprise Results (Xu Ruijiao; CHANGJIANG RIBAO, 19 Jul 85)	22
On Tentative Plan To Readjust Wuhan Industrial Structure (Chen Ge; CHANGJIANG RIBAO, 18 Jul 85)	24
Shandong Discipline Inspection Commission Circular on Bonuses (DAZHONG RIBAO, 19 Sep 85)	27
Journal on Local Management of Electric Power (JINGJI GUANLI, No 8, 5 Aug 85)	29
Briefs	
Shandong Lateral Economic Ties	34
Tax Office Outposts Curbed	34

FINANCE AND BANKING

National Financial Improvement Summarized (JINGJI RIBAO, 14 Sep 85)	35
Financial Revenues Increased During Sixth 5-Year Plan Period (Hebei Provincial Service, 30 Sep 85)	38
State Council Promulgates Interim Bonus Tax Law (XINHUA Domestic Service, 4 Oct 85)	39
ICBC Official Reports on Last-Quarter Funds (XINHUA, 16 Oct 85)	41
Concepts on Setting Up New Socialist Financial System (Lu Zhihong; ZHONGGUO JINRONG, No 7, 7 Jul 85)	43
Qinghai Radio Commentary on Doing Well in Tax Collection (Qinghai Provincial Service, 18 Sep 85)	47
Mobilization Meeting on Financial, Taxation Examination (Qinghai Provincial Service, 18 Sep 85)	48

Yunnan Relays Ministry Circular on Arbitrary Bonus Payments (Yunnan Provincial Service, 19 Sep 85)	49
Shandong Urban, Rural People Increase Income (Shandong Provincial Service, 1 Oct 85)	51
Guangdong Issues Circular on Increasing Revenue (Guangdong Provincial Service, 19 Sep 85)	53
Guangxi Holds Accounting Representatives Conference (Guangxi Regional Service, 27 Sep 85)	54
Briefs	
Shandong Rural Savings Deposits	56
World Bank Vice President Feted	56
Herdsmen Increase Incomes, Expenditures	56
Jilin Rural Bank Deposits	57
Yunnan Enterprises Earn More	57
Income Said To Be Rising	57
French Bankers Welcomed	57
Hubei Economy Develops Steadily	58
Guangxi Township Industry Income	58
Hubei Tax Collection	58
Balance of Revenue	58
People's Income Increases	58
Tax Evasion Cases	59
Tax Evasion Survey	59
Team To Inspect Finance, Taxes	59
Guangxi Improves Financial Situation	60
Yunnan Mountainous Area Income	60
Yunnan National Income Increases	60
Hunnan Peasants' Income Increases	60

MINERAL RESOURCES

Briefs	
Guangdong Pyrite Mine	61
Guangdong Discovers Mineral Deposits	61

INDUSTRY

PRC Increasing Frozen Vegetable Production (XINHUA, 21 Sep 85)	62
Production Costs Fall in 122 Wuhan Enterprises (CHANGJIANG RIBAO, 9 Jul 85)	63

Value of Tertiary Industries Analyzed (Yan Gongxu; CHANGJIANG RIBAO, 4 Jul 85)	65
Statistics for China's Tertiary Industry Disclosed (Zhou Minhua; JINGJI RIBAO, 30 Aug 85)	67
CONSTRUCTION	
Xizang Reports on Regional Construction Projects (Xizang Regional Service, 27 Sep 85)	68
Yunnan Province Steps Up Power Industry Expansion (ZHONGGUO XINWEN SHE, 2 Oct 85)	69
Briefs	
Guangdong Apartment Sales	71
Hainan Key Projects	71
DOMESTIC TRADE	
Agricultural and Rural Enterprises Trade Fair Closes (XINHUA, 10 Oct 85)	72
FOREIGN TRADE AND INVESTMENT	
Illegal Tax Breaks for Foreigners Criticized (GUOJI SHANGBAO, 22 Aug 85)	73
Nonferrous Metal Exports 200 Percent More Than Last Year (Chen Zeping; GUOJI SHANGBAO, 22 Aug 85)	75
Retired Swedish Managers To Serve as Consultants (Ove Saverman; DAGENS NYHETER, 27 Sep 85)	76
First Phase of China International Exhibition Center Completed (XINHUA, 11 Oct 85)	78
Beijing Seeks Foreign Investment in Tourism, Industry (XINHUA, 14 Oct 85)	79
Once Isolated Anhui Prefecture Now Active Exporter (XINHUA, 14 Oct 85)	80
Chinatex Vigorously Expands Trade (GUOJI SHANGBAO, 2 Sep 85)	81

Briefs		
	Aid for Fujian Forestry Development	82
	Commodities Fair Opens	82
	Hainan Island Uses Foreign Funds	82
	Economic Agreements Signed	83
	Joint Venture in Hong Kong	83
SPECIAL ECONOMIC ZONES		
	Update of Statistics for Special Economic Zones (XINHUA, 11 Oct 85)	84
	Draft Law on Environmental Protection in Xiamen City (FUJIAN RIBAO, 1 Sep 85)	86
	Theoretical Basis of Special Zone Economy Discussed (Fang Sheng; SHENZHEN DAXUE XUEBAO, No 1, Dec 84)	94
LABOR AND WAGES		
Briefs		
	Wage Supervision Guidelines Issued	98
TRANSPORTATION		
	PRC Scores New Developments in Civil Aviation (ZHONGGUO XINWEN SHE, 27 Sep 85)	99
	Liaoning Reports Increased Volume in Civil Air Transport (Lu Shaokui; LIAONING JINGJI BAO, 9 Aug 85)	101
	Liaoning's Transportation Problems Discussed (LIAONING JINGJI BAO, 9 Aug 85)	102
	Measures To Relieve Liaoning Transportation Bottlenecks (Wang Yunqi; LIAONING JINGJI BAO, 9 Aug 85)	104
Briefs		
	Hubei Road Building	106
PUBLICATIONS		
	Liang Buting Hails Book on Party Style, World Outlook (Shandong Provincial Service, 3 Oct 85)	107
Briefs		
	China Consumers Paper	109
HONG KONG MEDIA ON CHINA		
	Yanbian Beckons Foreign Visitors (Zhang Kunyi; JINGJI DAOBAO, 16 Sep 85)	110

8 November 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

PRC Officials on Need To Control 'Overheating' Economy (Michele Houx; AFP, 18 Oct 85).....	1
Official Says Economy Cools to 'Healthy' Growth (XINHUA, 22 Oct 85).....	3

PROVINCIAL AFFAIRS

Inflation Accelerates as Capital Construction Shrinks (ANHUI RIBAO, 19 Jul 85).....	5
Rural Enterprises Important to Rural Economy (Shi Jian; ANHUI RIBAO, 28 Jul 85).....	9
Briefs	
Hunan: Legal Measures in Economy	10
Improvements in Northwest Region	10

ECONOMIC DEVELOPMENT ZONES

Achievements in Dalian Economic Zone After First Year (Liaoning Provincial Service, 14 Oct 85).....	11
Briefs	
Guangdong Economic Zone Towns	13
Hainan Economic, Technological Cooperation	13

ECONOMIC PLANNING

Briefs	
Zhejiang Technical Renovation	14

ECONOMIC MANAGEMENT

State Enterprises Urged To Tap Potential (ANHUI RIBAO, 20 Jul 85).....	15
XINHUA Interview on Taxation, Price Inspection (Tian Chuan; XINHUA Domestic Service, 16 Oct 85).....	16
Heilongjiang Meeting Urges Self-Support Through Production (Heilongjiang Provincial Service, 18 Oct 85).....	18
Fujian CPC Moves To Check Building of Hotels (ZHONGGUO XINWEN SHE, 19 Oct 85).....	19
Briefs	
Commission Circular Stresses Product Quality	21
Controlling Retail Sales Boom	21

FINANCE AND BANKING

First Half 1985 Jilin Tax Collection Overfulfilled (JILIN RIBAO, 23 Jul 85).....	22
Tax Revenue Increase in Provinces, Municipalities Reported (JINGJI RIBAO, 6 Sep 85).....	23
Visa International Board Meeting Opens 15 October (XINHUA, 15 Oct 85).....	26
Briefs	
Guangdong Revenue Collection Up	27
More Rural Households Buying Insurance	27

INDUSTRY

School-Run Industries Boost Profits, Output Value (Xiao Ying; JILIN RIBAO, 27 Jul 85).....	28
Beijing Development in Chemical Industry (Beijing City Service, 29 Sep 85).....	29
Nei Monggol Achievements in Coal Production Reported (Nei Monggol Regional Service, 3 Oct 85).....	30
Guangdong Oil Corporation To Invest in Expansion (ZHONGGUO XINWEN SHE, 4 Oct 85).....	31
Guangdong Textile Products Enter International Market (Guangdong Provincial Service, 11 Oct 85).....	32

Briefs	
Heilongjiang Textile Industry	33
Largest Soda Plant	33
Xinjiang Changji Cotton Mill	33
Nei Monggol Economy	34
Nei Monggol Commercial Enterprises	34
Nei Monggol Shelterbelt Construction	34
Nei Monggol Township Enterprises	34
Nei Monggol House Construction	34
Jilin New Industrial Commodities	35
Liaoning State-Farm Industry	35
Xinjiang Textile Industry	35
Beijing Tertiary Industry	35
Jiangsu Governor at Food Packaging Meeting	35
Sichuan Food Industry	36
Nei Monggol Metallurgical Industry	36

CONSTRUCTION

Gansu Completes TV Frequency Modulated Relay Station (Gansu Provincial Service, 8 Oct 85).....	37
Nei Monggol Builds Microwave Station in Erenhot (Nei Monggol Regional Service, 3 Oct 85).....	38
Briefs	
Hebei County Television Station	39
Xizang Posts, Telecommunications Network	39
Xiaolongtan Power Plant Tests	39

DOMESTIC TRADE

Briefs	
Yunnan Urban, Rural Fairs Mushroom	40

FOREIGN TRADE AND INVESTMENT

China's Technical Imports More Than Double (Yao Wenping; JISHU SHICHANG BAO, 13 Aug 85).....	41
Beijing Sees Achievements in Using Foreign Capital (BEIJING RIBAO, 27 Sep 85).....	43
Direct Foreign Investment Reaches \$11 Billion (ZHONGGUO XINWEN SHE, 14 Oct 85).....	45
Qinhuangdao Gears Up for Foreign Investment (XINHUA, 4 Oct 85).....	46
Fujian Uses More Foreign Funds, Technology (XINHUA, 4 Oct 85).....	47

Preferential Treatment Given Joint Investors of Harbor Construction (XINHUA, 15 Oct 85).....	48
Jiangsu To Open Three Cities to Foreign Investment (XINHUA, 22 Sep 85).....	50
Norwegians Offer Offshore Equipment, Services (Terje Svabo; AFTENPOSTEN, 10 Oct 85).....	51
Imports of Norwegian Ships, Offshore Equipment Nearly Doubled (Terje Svabo; AFTENPOSTEN, 10 Oct 85).....	53
Sanyo Compensates Heilongjiang for Substandard TV Sets (Heilongjiang Provincial Service, 5 Oct 85).....	54
Briefs	
Foreign Trade Talks End	55
Fujian Foreign Trade	55
Guizhou Ferroalloy Technology From FRG	55
Fujian Foreign Trade Surplus	56
Tianjin Municipality's Joint Ventures	56
Foreign Cooperation Helps Counties	56
Beijing's Labor Export Since 1982	57
SPECIAL ECONOMIC ZONES	
Theoretical Problems of Special Economic Zones Discussed (Su Yuanhan; GUOJI MAOYI WENTI, No 4, Jul-Aug 85).....	58
Shenzhen Opens Industrial Products Exhibition Hall (ZHONGGUO XINWEN SHE, 8 Oct 85).....	70
LABOR AND WAGES	
Workers' Conferences in Enterprise Discussed (Wu Taidong; GONGREN RIBAO, 21 Aug 85).....	71
Strengthening Enterprise Work Group, Team Building (RENMIN RIBAO, 9 Sep 85).....	73
PUBLICATIONS	
Briefs	
Mongolian Epic Published	75
TAIWAN	
Briefs	
Visit of Nevada Delegation	76

HONG KONG MEDIA ON CHINA

TA KUNG PAO on PRC Economic Progress in Sixth 5-Year Plan (TA KUNG PAO, 17 Oct 85).....	77
Japan To Replace Defective Trucks Sold to China (AFP, 7 Oct 85).....	79
Wholly Foreign Owned Factories Proposed for Shenzhen Strategy (Olivia Sin; SOUTH CHINA MORNING POST, 9 Oct 85).....	80
PRC Trade Ministry Forms Unit To Handle Countertrade (Olivia Sin; SOUTH CHINA MORNING POST, 17 Oct 85).....	83
PRC Attempting To Enforce Unified Pricing at Guangzhou Trade Fairs (Olivia Sin; SOUTH CHINA MORNING POST, 18 Oct 85).....	85
PRC Deposits Royalties for Taiwanese Authors (SOUTH CHINA MORNING POST, 21 Oct 85).....	87
PRC Educational, Research Institutes Buy Computers (Carolyn Leung; SOUTH CHINA MORNING POST, 20 Oct 85).....	88
PRC Sets Up Office To Coordinate Technology Imports (Peter Robinson; SOUTH CHINA MORNING POST, 22 Oct 85).....	91
Hong Kong Study Views Shenzhen Convertible Currency (HONG KONG STANDARD, 21 Oct 85).....	93
PRC Decides Not To Buy Satellites From Foreign Companies (AFP, 22 Oct 85).....	96
Briefs	
Cellular Container Ship in Hong Kong	98

15 November 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

JINGJI YANJIU Discusses Ossified Economic System (Wang Zhuo; JINGJI YANJIU, No 8, 20 Aug 85).....	1
Gu Mu Discusses China's Opening Up Policy (ZHONGGUO XINWEN SHE, 22 Sep 85).....	11
PRC Will Centralize Management of Bulk Imports, Exports (ZHONGGUO XINWEN SHE, 15 Oct 85).....	13
Yuan Baohua on Plant Director Responsibility (Ge Daxin; XINHUA Domestic Service, 19 Oct 85).....	14
Private Housing Promoted (LIAOWANG, No 35, 2 Sep 85).....	16
National Flood-Prevention Conference Opens in Shenyang (Liaoning Provincial Service, 18 Oct 85).....	18

PROVINCIAL AFFAIRS

Liaoning Vice Governor's Report on Economy (LIAONING RIBAO, 22 Sep 85).....	19
Economic, Technical Cooperation Emphasized (Jing Zonghe; LIAONING RIBAO, 14 Sep 85).....	30
Hunan Circular on Enforcement of Economic Law (Hunan Provincial Service, 14 Oct 85).....	32
Jiangsu Governor Speaks on Economic Work (Jiangsu Provincial Service, 18 Oct 85).....	33

Role of State-Run Stores Declines (Niu Zhanqun, Rong Jianjun; HEBEI RIBAO, 18 Sep 85).....	34
Goods Production for Ethnic Groups Boosted (XINHUA, 21 Oct 85).....	36
Urban People's Living Standards Improves (DAZHONG RIBAO, 29 Sep 85).....	37
Fujian Governor on Cooperative-Run Industries (Sun Jing; XINHUA Domestic Service, 13 Oct 85).....	39
Hebei Economic Cooperation, Export Meeting Ends (HEBEI RIBAO, 30 Sep 85).....	40
Heilongjiang To Focus on Township, Town Enterprises (HEILONGJIANG RIBAO, 29 Aug 85).....	41
Province Relaxes Policies To Support Township, Town Enterprises (HEILONGJIANG RIBAO, 29 Aug 85).....	43
Development of Township, Town Enterprises Urged (Editorial; HEILONGJIANG RIBAO, 29 Aug 85).....	45
Briefs	
Exhibition of Zhejiang Goods	48
Zhejiang Output	48
Jiangxi Annual Output	48
Urban, Rural Trade Fairs	48
Nei Monggol Economic Development	49
Jiangxi Revenue Growth	49
Shanghai Industrial Production	49
Henan Develops Industry, Communications	49

ECONOMIC DEVELOPMENT ZONES

Economic Development Models for Guangzhou (Situ Zhongyu, Zhang Jinyu; GUANGZHOU YANJIU, No 1, 1985)..	51
Pluralistic Development Urged for SEZ's Open Cities (Gu Yuanyang; GUANGZHOU YANJIU, No 1, 1985).....	58

ECONOMIC PLANNING

On Economic Development of Mountain Towns, Small Cities (Liu Zhigang; DAZHONG RIBAO, 8 Aug 85).....	60
Governor Calls for Quicker Development of Fujian's Economy (FUJIAN RIBAO, 4 Sep 85).....	63

ECONOMIC MANAGEMENT

Experts Study Business Management Modernization (XINHUA, 26 Oct 85).....	65
---	----

Briefs

Shops Leased to Individuals	66
-----------------------------	----

INDUSTRY

Briefs

Shanghai TV Antennae	67
Yunnan Develops Building Industry	67
Cement Production	67

CONSTRUCTION

Liaoning Makes Plan for Building Jinzhou Harbor (LIAONING RIBAO, 28 Sep 85).....	68
---	----

Liaoning: Dalian Shipyard's Xianglujiao Area Under Renovation (LIAONING RIBAO, 29 Sep 85).....	69
---	----

Shandong Leaders Attend Inauguration of Dongying Airport (DAZHONG RIBAO, 30 Sep 85).....	70
---	----

Jiangsu's Gu Ziulian at Port Project Ceremony (Jiangsu Provincial Service, 13 Oct 85).....	71
---	----

Hebei Builds More Highways to Mountain Areas (XINHUA, 18 Oct 85).....	72
--	----

Guangzhou-Shenzhen Railway Renovation Underway (XINHUA, 18 Oct 85).....	73
--	----

Hebei Improves Housing, Living Conditions (XINHUA, 22 Oct 85).....	74
---	----

Briefs

Guangdong Highway Bridge	75
Heilongjiang Ethylene Plant	75
Satellite Receiving Stations	75
Hebei Residential Construction	75
Shanxi Highway for Coal Transport	75
Zhejiang Housing Construction	76
Zhejiang Water Supply	76
Jiangxi Telecommunications Project	76
Architectural Use for Computers	76
Shengli-Qingdao Pipeline	77
Tianjin Geothermics Research Center	77
Yellow River Floating Waterworks	77
Guangxi Hotel Construction	77

FOREIGN TRADE AND INVESTMENT

- Problems of Silk Knitwear Export Markets Analyzed
(Li Changjin; GUOJI MAOYI, No 2, Mar-Apr 85)..... 78

Briefs

- FRG Firms Supply Electrical Equipment 81

TRANSPORTATION

- Introduction to Xiangqian Railway
(Wu Chunjián, Han Mei; TIEDAO ZHISHI, No 3, 28 May 85)..... 82

- Introduction to Beilun Harbor Railway
(Wang Yimin; TIEDAO ZHISHI, No 3, 28 May 85)..... 86

- Introduction to Lingba Line of Hainan Island
(Mo Ping, Wen Renguang; TIEDAO ZHISHI, No 3, 28 May 85)..... 89

- Introduction to Hunbai Line in Jilin
(Hu Chengyin; TIEDAO ZHISHI, No 3, 28 May 85)..... 92

Briefs

- Tianjin-Tanggu Highway 95
Northwestern Highways 95

TAIWAN

Briefs

- Intellectual Property Rights Protection 96
Oil Exploration With Libya, Others 96

HONG KONG MEDIA ON CHINA

- PRC Forecasts Silk Exports of U.S.\$1 Billion
(Francine Brevetti; SOUTH CHINA MORNING POST, 25 Oct 85).... 97

- Reasonable Wage Plan Discussed
(Yu Youhua; CHIU SHIH NIEN TAI, No 9, 1 Sep 85).....100

- PRC Finance Official Gives Reassurance on Tighter Credit Controls
(Paul Sham; SOUTH CHINA MORNING POST, 23 Oct 85).....106

- PRC Maintains Insurance Monopoly in Special Economic Zones
(Paul Baran; SOUTH CHINA MORNING POST, 25 Oct 85).....108

- Shenzhen Calls Halt to Setting Up Foreign Banks
(Paul Sham; SOUTH CHINA MORNING POST, 26 Oct 85).....110

Xiamen International Bank Chairman Denies Joint Venture Problems (SOUTH CHINA MORNING POST, 27 Oct 85).....	112
PRC Urged To Use Foreign Capital Wisely (HONG KONG STANDARD, 29 Oct 85).....	113
Involvement Sought by New Investment Company (John Mulcahy, SOUTH CHINA MORNING POST, 29 Oct 85).....	115
Shenzhen To Establish Anti-Corruption Body (HONG KONG STANDARD, 30 Oct 85).....	118
Agreement Reached Over Civil, Commercial Writs (Chris Yeung; SOUTH CHINA MORNING POST, 30 Oct 85).....	120
Banker Claims PRC Ready To Curb Foreign Borrowing, State Investment (HONG KONG STANDARD, 30 Oct 85).....	122
Briefs	
Yuan Devaluation	124

19 November 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

AGGREGATE ECONOMIC DATA

Briefs

- Nei Monggol Technical Achievements 1

ECONOMIC MANAGEMENT

- Jilin Insurance Company Helps Flood Victims
(XINHUA, 29 Oct 85)..... 2

Briefs

- International Banking Training Seminar 3
Beijing Auditing Bureau 3

FINANCE AND BANKING

- PRC's Foreign Exchange Situation Assessed
(XINHUA, 27 Oct 85)..... 4

- PRC Balance of Payments Summarized
(JINGJI RIBAO, 2 Sep 85)..... 6

- PRC Enterprises Benefit From Tax Reform
(XINHUA, 24 Oct 85)..... 7

- Beijing Residents Increase Savings Deposits
(XINHUA, 28 Oct 85)..... 8

- Rural Savings Deposits Rise in September
(XINHUA, 31 Oct 85)..... 9

Briefs

Kuwaiti Bank Delegation	10
Talks With Romanian Bankers	10
Swedish Bank Office in Shanghai	10
Foreign Loans for Shanghai Ventures	11
Inspection of Tax Revenue, Finances	11
Guangdong Increases Tax Revenue	11
Issue of Bonds in Tokyo	11

MINERAL RESOURCES

Briefs

Body Recognizes New PRC Mineral	13
Hebei County Gold Production	13

INDUSTRY

Technology Imports To Upgrade Textile Industry (XINHUA, 11 Oct 85).....	14
U.S. Machine Tool Industry Continues Decline (XINHUA, 28 Oct 85).....	15
Efforts To Upgrade Tourism Industry Announced (XINHUA, 16 Oct 85).....	16
Steel Output To Reach 60 Million Tons by 1990 (XINHUA, 24 Oct 85).....	18
Packaging Industry Plans Big Improvements (XINHUA, 23 Oct 85).....	20
Development of Electronics Industry (Shaanxi Provincial Service, 18 Oct 85).....	22
Qin Zhongda on Chemical Industry Development (XINHUA, 1 Nov 85).....	23
Briefs	
Technology Imports Benefit Shipbuilding	24
Nei-Monggol Industrial Production	24
Assembly Factory for Shanghai Volkswagen	24

CONSTRUCTION

Floods Avoided By Harnessing of Yellow River (XINHUA, 29 Oct 85).....	25
Zhejiang Plans To Build More Harbor Berths (XINHUA, 31 Oct 85).....	27

Briefs

New Drainage System at Huang He Bend	28
Project To Divert Water to Qingdao	28
Beijing-Tanggu Expressway	29
Nei Monggol Road Construction	29
Housing Construction in Shanghai	29
Housing Construction Speeds Up	29

DOMESTIC TRADE

Interregional Cooperation Pays Off for Jiangsu (XINHUA, 22 Oct 85).....	30
--	----

FOREIGN TRADE AND INVESTMENT

Zhang Jingfu Opens Office Automation Symposium (XINHUA, 7 Sep 85).....	32
Machine-Building Industry Import Plans Reported (XINHUA, 25 Oct 85).....	33
Statistics on Foreign Investment From Jan-Jun 85 (XINHUA, 29 Oct 85).....	34
Legal Issues Behind Chinese-Japanese Trade Examined (Xu Minhe; LIAOWANG [OUTLOOK], No 33, 19 Aug 85).....	35
Joint Venture Shanghai Center Project Plans Revealed (XINHUA, 15 Oct 85).....	42
IFC, CITIC To Set Up Auto Joint Venture (XINHUA, 11 Oct 85).....	44
Beijing, Shenzhen, Dalian Officials on Investment (XINHUA, 23 Oct 85).....	45
Norwegians Advise on Lubuge, Discuss Other Joint HEP Jobs (Ragnhild Moy; AFTENPOSTEN, 27 Sep 85).....	47
Briefs	
Liaoning Enters Investment Ventures	49
Land Reclamation Project	49
Arab Bank Opens Office	49
Corporation Granted Export Monopoly	50
Trust Company Opens Office	50
PRC-U.S. Pharmaceutical Venture	50
Foreign Trade Figures Soar	51

SPECIAL ECONOMIC ZONES

Briefs

Shenzhen Sino-Foreign Loan Organization	52
---	----

LABOR AND WAGES

Yunnan Provides 730,000 Jobs in Past 5 Years (YUNNAN RIBAO, 10 Oct 85).....	53
--	----

NI Zhifu Receives Senegalese Delegation (TIANJIN RIBAO, 18 Oct 85).....	55
--	----

Briefs

Shandong Urban Employment	56
---------------------------	----

HONG KONG MEDIA ON CHINA

PRC To Tighten Import, Export Controls (Olivia Sin; SOUTH CHINA MORNING POST (BUSINESS NEWS supplement), 31 Oct 85).....	57
--	----

Economists Propose Economic Region Scheme (Wen Po; HSIN WAN PAO, 26 Oct 85).....	60
---	----

Shenzhen Launches Development Credit Fund With Japanese Bank (Paul Sham; SOUTH CHINA MORNING POST (BUSINESS NEWS supplement), 24 Oct 85).....	62
---	----

Guangzhou Trade Fair To Stress Exports, Quality (Olivia Sin; SOUTH CHINA MORNING POST (BUSINESS NEWS supplement), 15 Oct 85).....	64
---	----

Fujian Plans To Float Yen Bonds in Tokyo (SOUTH CHINA MORNING POST (BUSINESS NEWS supplement), 16 Oct 85).....	65
--	----

20 November 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Prospects for Economic Reform Analyzed (Yuan Mu; LIAOWANG, 19 Aug 85).....	1
Legal Aid for 7th 5-Year Plan Envisaged (XINHUA, 17 Oct 85).....	10
Need Seen To Develop Light Industry in Northwest (XINHUA, 17 Oct 85).....	11
PRC Journal Calls for Developing Corporate Law (CHINA DAILY, 21 Oct 85).....	12
PRC To Exercise Tighter Foreign Exchange Control (XINHUA, 17 Oct 85).....	14
National Symposium on TV Quality Opens in Beijing (XINHUA, 17 Oct 85).....	15
Income, Consumption Gaps Between Peasants, Workers Narrow (Long Jing; TONGJI, 17 Oct 85).....	16

PROVINCIAL AFFAIRS

Fujian's Economic Performance in 1984 Reported (Zong He; FUJIAN LUNTAN, 5 Feb 85).....	20
Chongqing CPC Secretary Discusses Urban Reform (Liao Bokang; CHONGQING RIBAO, 20 Sep 85).....	24
Rising Income Outpaces Price Hikes in Zhejiang (XINHUA, 19 Oct 85).....	27

Deregulation of Hog Prices Discussed (Wu Liangcan; FUJIAN LUNTAN, No 6, 1985).....	28
Night Markets Attraction in Scenic Guilin (XINHUA, 19 Oct 85).....	33
ECONOMIC MANAGEMENT	
Shanghai Makes Progress With UN Assistance (XINHUA, 19 Oct 85).....	34
FINANCE AND BANKING	
Methods of Stock Issuance Under Socialism Discussed (Li Kehua, Liu Chunqi; GUANGZHOU YANJIU, No 2, 1985).....	35
Hog Price Reform Progresses Smoothly (Xie Zhenjiang; JINGJI RIBAO, 20 Sep 85).....	43
Briefs	
Jiangsu Tax Fraud	45
Shanghai Currency Withdrawal	45
Shanghai Personal Income Tax	45
Xinjiang Commemorative Coins	45
National Tax Collection	46
Agricultural Bank To Issue Bonds	46
CONSTRUCTION	
Wuhan Building More Commercialized Houses (CHANGJIANG RIBAO, 19 Jul 85).....	47
Guan Guangfu Discusses Plans for Building Up Wuhan City (CHANGJIANG RIBAO, 20 Jul 85).....	49
DOMESTIC TRADE	
Closer Economic Links Between Fujian, Hubei Advocated (Dong Xiao; FUJIAN LUNTAN, 5 Feb 85).....	58
Need for Strengthening Horizontal Economic Linkages Discussed (Hai Nan; XUEXI YU YANJIU, 5 Aug 85).....	60
FOREIGN TRADE AND INVESTMENT	
Tianjin's Foreign, Domestic Economic Ties Discussed (Tian Yun; GUOJI MAOYI, 27 Jun 85).....	66
Labor Unions' Legal Status in Chinese-Foreign Joint Ventures (Xu Lanbo; SHEHUI KEXUE, 15 Aug 85).....	70

Anhui Governor Receives Foreign Businessmen (ANHUI RIBAO, 24 Aug 85).....	78
1984 Trade Statistics Reported (GUOJI MAOYI, 27 May 85).....	79
Prospects, Tasks of Export Trade Work Detailed (Yang Jixiao; GUOJI MAOYI, 27 Jun 85).....	86
Guangzhou To Hold Seminars on China Trade (ZHONGGUO XINWEN SHE, 7 Oct 85).....	90
Nei Monggol Achievements in Foreign Trade (Nei Monggol Regional Service, 2 Oct 85; XINHUA, 23 Sep 85).	91
Policy on Opening to Outside World	91
More Foreign Investment Attracted	91
Jilin Achievements in Foreign Trade (Jilin Provincial Service, 2 Oct 85).....	93
Xinjiang's Foreign Trade Develops Vigorously (Xinjiang Regional Service, 30 Sep 85).....	94
Methods of Evaluating Foreign Trade Results Discussed (Zhou Shaowu; GUOJI MAOYI, 27 Jun 85).....	95
Quality of Japanese Imported Cars Declines Noticeably (DAZHONG RIBAO, 19 Sep 85).....	98
Methods for Expanding Drawnwork, Embroidery Exports (Zhang Pingfeng; GUOJI MAOYI, 27 Jun 85).....	99
Briefs	
Claims Damages Compensation	103
U.S. Businessmen Met	103
Xinjiang Trade Fair	103
Shanghai Foreign Investment	103
LABOR AND WAGES	
Circular Stresses Vocational Training (XINHUA Domestic Service, 21 Oct 85).....	104
Briefs	
Hebei Youth Employment	106
Jiangxi Vocational Education	106
TRANSPORTATION	
Briefs	
Nanjing Deepwater Dock	107

CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

Economic Results of USSR Foreign Trade Analyzed (Sun Xiufeng; GUOJI MAOYI WENTI, May-Jun 85).....	108
--	-----

PUBLICATIONS

Yunnan Regulations on Control of Publications (Yunnan Provincial Service, 13 Oct 85).....	116
--	-----

Briefs Jiangsu Technological Publication	117
---	-----

TAIWAN

Briefs Taiwan-U.S. Trade	118
-----------------------------	-----

HONG KONG MEDIA ON CHINA

Shenzhen To Form Foreign Exchange Regulating Center (WEN WEI PO, 20 Oct 85).....	119
---	-----

21 November 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

State Council on Irrigation Management (XINHUA Domestic Service, 1 Nov 85).....	1
Circular on Repair of Irrigation Facilities (Beijing Domestic Service, 4 Nov 85).....	3

PROVINCIAL AFFAIRS

Sichuan, Yunnan Hold Meeting on Cooperation in Border Areas (Sichuan Provincial Service, 5 Nov 85).....	4
Sichuan Journalists Discuss Independence, Opening Up (Sichuan Provincial Service, 17 Oct 85).....	5
Wang Yuzhao Visits Anhui Enterprises in Shanghai (Anhui Provincial Service, 26 Oct 85).....	8
Anhui Holds Forum on Opening to Outside World (Anhui Provincial Service, 23 Oct 85).....	9
Fujian's Xiang Nan Reviews Economic Development (FUJIAN RIBAO, 17 Oct 85).....	10
Fujian Governor Reports on Economic Situation (Fujian Provincial Service, 22 Oct 85).....	11
Jilin Holds Disaster Relief Conference (Jilin Provincial Service, 19 Oct 85).....	13
Jilin Government's Circular on Macroeconomic Control (Jilin Provincial Service, 3 Nov 85).....	15

Jiangxi 1980-84 Economic, Social Development (Jiangxi Provincial Service, 2 Nov 85).....	16
Guangdong Curtails Investment in Fixed Assets (Guangdong Provincial Service, 30 Oct 85).....	18
Henan Holds Meeting on Taxation, Finance, Price Inspection (Henan Provincial Service, 4 Nov 85).....	19
Henan Opens External Cooperation Talks 25 Oct (Henan Provincial Service, 25 Oct 85).....	20
Guizhou Issues Circular on Saving Electricity (Guizhou Provincial Service, 4 Nov 85).....	21
Hubei Party Meeting Discusses Current Issues (Hubei Provincial Service, 18 Oct 85).....	22
NINGXIA RIBAO on Economic Development by Open Policy (Hei Boli; NINGXIA RIBAO, 6 Oct 85).....	26
Shanghai Mayor Discusses Shanghai's Economy (ZHONGGUO XINWEN SHE, 30 Oct 85).....	32
Tianjin Mayor on Current Situation, Future Work (TIANJIN RIBAO, 13 Oct 85).....	33
Briefs	
Jilin Industrial Production	43
Shangdong Economic Associations	43
Hebei Technical Education	43
Guangdong Chemical Fertilizer Trade	43
Industrial Production in Guangdong	43
Anhui Scientists Forum	44
Shanghai Mayor Meets U.S. Entrepreneurs	44
Guandong Autumn Trade Fair	44
Textile Industrial Exhibit	45
Jiangxi Rural Economy Developing	45

ECONOMIC MANAGEMENT

State Official Calls for Quality Improvement (Ge Daxing; XINHUA Domestic Service, 31 Oct 85).....	46
Hebei Investigates Arbitrary Apportionment From Enterprises (HEBEI RIBAO, 19 Oct 85).....	48
JINGJI GUANLI on Development in Towns, Townships (Chen Yaogen; JINGJI GUANLI, No 9, 20 Sep 85).....	49

JINGJI GUANLI on New Technology, Transformation (Yang Dexiang, Liu Tiemin; JINGJI GUANLI, No 9, 5 Sep 85)...	55
Henan Claims Progress in Economic Structural Reforms (Henan Provincial Service, 2 Nov 85).....	62
Hubei Holds Meeting on Importance of Auditing Work (Hubei Provincial Service, 3 Nov 85).....	63
XINHUA Commentator on Improving Urban Management (Beijing Domestic Service, 5 Nov 85).....	64
BAN YUE TAN on Capital Construction Investment Control (Wu Huijing; BAN YUE TAN, No 20, 25 Oct 85).....	65
Study of Enterprises' Behavior Rules Urged (Zhou Shulian; RENMIN RIBAO, 28 Oct 85).....	68
Financial Inspection To Step Up in Nov, Dec (Beijing Domestic Service, 6 Nov 85).....	74
Briefs Enterprises Exchange Management Experience	76
FINANCE AND BANKING	
Research Worker Correctly Estimates People's Income (He Jianzhang; JINGJI RIBAO, 19 Oct 85).....	77
Guangxi Passes Yearly Revenue Target by Sep (Guangxi Regional Service, 30 Oct 85).....	79
Beijing Issues Bonds to Peasants in Its Suburbs (ZHONGGUO XINWEN SHE, 1 Nov 85).....	81
Briefs Beijing Tax Examination Achievements Anhui Peasants' Savings Deposits Gansu Savings Deposits	82 82 82
LABOR AND WAGES	
Shaanxi Party Leader on Role of Workers' Congresses (Shaanxi Provincial Service, 30 Oct 85).....	83
Briefs Xinjiang Contract Workers	84
TRANSPORTATION	
Ministry Bans Overloading Passenger Ships (Wang Yanrong; XINHUA Domestic Service, 2 Nov 85).....	85

New Decision To Ensure Transportation Safety (XINHUA Domestic Service, 4 Nov 85).....	86
PRC Bans Resale of Passenger Ship Tickets (Zhang Jinsheng, Wang Yanrong; XINHUA Domestic Service, 2 Nov 85).....	88
Ministry Acts To Correct Railway Problem (XINHUA Domestic Service, 23 Oct 85).....	89
PRC Revamps Harbors, Transport Facilities (Feng Zhumei, Wang Guangming; XINHUA Domestic Service, 1 Nov 85).....	90
Heilongjiang Resumes Harbin-Heihe Air Route (Heilongjiang Provincial Service, 31 Oct 85).....	91
PRC Civil Flight Personnel Training Abroad (ZHONGGUO XINWEN SHE, 21 Oct 85).....	92
Guangxi Reorganizes Control Over Regional Transport, Industrial Units (Guangxi Regional Service, 28 Oct 85).....	93
Briefs	
Anhui-Hong Kong Link	94
Tianjin Harbor Construction Achievements	94
Heilongjiang's Heihe Airport	94
Shanxi Transportation Progress	94
Traffic Accident in Shanghai	95
Land, Water Transportation Developed	95
Railway Workers Praised	95
Dalian-Vancouver Port Ties	95
Jiangsu Deep-Water Wharves	96

25 November 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

PROVINCIAL AFFAIRS

Shandong People's Congress Meeting Ends 31 October (Shandong Provincial Service, 31 Oct 85).....	1
Hebei Governor on 1986 Economic Tasks (HEBEI RIBAO, 19 Oct 85).....	3
Fujian Congress Standing Committee Session Meets (Fujian Provincial Service, 25 Oct 85).....	6
Jilin Holds Financial-Inspection Report Meeting (JILIN RIBAO, 14 Oct 85).....	8
Ni Zhifu Receives Hungarian Delegation (TIANJIN RIBAO, 18 Oct 85).....	10
Briefs	
Border Areas Coordination	11
People's Congress Committee Meets	11
Liaoning Economic Irregularities Revealed	12
	12

ECONOMIC MANAGEMENT

Guangxi Meeting Stresses Economic Legal Work (Guangxi Regional Service, 18 Oct 85).....	13
Hubei Checks Growth Rate of Industrial Production (Hubei Provincial Service, 20 Oct 85).....	14
Good Results Attained in Reform of Price System (XINHUA Hong Kong Service, 28 Oct 85).....	15

Guangdong Commentary on Foreign Exchange (Guangdong Provincial Service, 31 Oct 85).....	17
FINANCE AND BANKING	
Yunnan Overfulfills 5-Year Plan Financial Quotas (YUNNAN RIBAO, 5 Oct 85).....	18
Guangdong Issues Circular on Currency Controls (Guangdong Provincial Service, 19 Oct 85).....	20
Anhui's Huang Huang Meets Japanese Banker (Anhui Provincial Service, 2 Nov 85).....	21
Briefs	
Jianxi Revenue Increase	22
Jiangxu Governor at Consultancy Opening	22
Guangdong Tax Collection	22
Jilin Revenue, Expenditures	23
MINERAL RESOURCES	
Briefs	
Largest Gold Mine Found	24
INDUSTRY	
Yunnan Reports Rise in Tourism Receipts (YUNNAN RIBAO, 10 Oct 85).....	25
Briefs	
High-Temperature Resistant Fiber	26
CONSTRUCTION	
Baoshan Iron and Steel Complex Begins Operation (Shu Xiu; JINGJI RIBAO, 16 Sep 85).....	27
Briefs	
Harbor Project Ready for Bids	29
Trans-Anhui Highways	29
New Guangzhou Harbor Approved	29
DOMESTIC TRADE	
Economic, Technological Cooperation With Nation Increases (Jian Ming; YUNNAN RIBAO, 2 Oct 85).....	30

FOREIGN TRADE AND INVESTMENT

Anhui's Wang Yuzhao, Party Leave for U.S. (Anhui Provincial Service, 23 Oct 85).....	31
China To Stage 13 Economic and Trade Exhibitions Abroad in 1986 (ZHONGGUO XINWEN SHE, 24 Oct 85).....	32
Summary of Talks Between Shandong, State of Bavaria (Shandong Provincial Service, 11 Oct 85).....	33
Direct Foreign Investment Reaches \$11 Billion (XINHUA, 15 Oct 85).....	35
Foreign Investment in Shanghai (JIEFANG RIBAO, 20 Oct 85; XINHUA, 23, 26 Oct 85).....	36
During Sixth 5-Year Plan	36
Foreign Investment Increasing	37
Development Aided by Foreign Investment	37
Zhejiang Rural Industries Boost Exports (XINHUA, 28 Oct 85).....	39
Guangdong Reports Improved Export Situation (ZHONGGUO XINWEN SHE, 29 Oct 85).....	41
Briefs	
Anhui Foreign Trade Fair	43
Liaoning-Hong Kong Vacuum Plant	43
Sichuan Overseas Chinese Investment	43
Yugoslavia Increased Trade Volume	44
Belgian Businessman-PRC Cooperation	44
CITIC Invests in Australia	44
Laws Protecting Foreign Investors	45
Shanghai Labor Services' Contracts	45

SPECIAL ECONOMIC ZONES

Shenzhen Absorbs 700 Million in Foreign Capital (Chan Ming; XINHUA Hong Kong Service, 24 Oct 85).....	46
--	----

LABOR AND WAGES

Jiangxi's Ni Xiance Speaks on Wage Reform (Jiangxi Provincial Service, 21 Oct 85).....	48
---	----

TRANSPORTATION

Accelerating Development of China's Highways Discussed (GONGLU, No 6, 25 Jun 85).....	49
--	----

Importance of Highway Construction to Hubei Economy Discussed (Yi Shisong; GONGLU, No 6, 25 Jun 85).....	58
---	----

HONG KONG MEDIA ON CHINA

PRC Officials, Boeing Discussing Joint Assembly (HONG KONG STANDARD, 19 Oct 85).....	63
Shenzhen Joint Venture Telephone Agreement Hits Snags (Paul Baran; SOUTH CHINA MORNING POST, 30 Oct 85).....	65
Economists Predict Yuan Will Fall Further (Olivia Sin; SOUTH CHINA MORNING POST, 30 Oct 85).....	67
Foreign Currency Market Proposed for Shenzhen (Yau Shing-mu; HONG KONG STANDARD, 31 Oct 85).....	69
WEN WEI PO Encourages Hong Kong Investment in China (Editorial; WEI WEI PO, 22 Oct 85).....	71
China Wants 25 Percent Discount for Daya Bay Equipment (SOUTH CHINA MORNING POST, 27 Oct 85).....	74
PRC To Tighten Controls on Trade Fairs (Paul Sham; SOUTH CHINA MORNING POST, 31 Oct 85).....	76
Hong Kong Executive Denies Cost Cuts to Affect PRC N-Plant's Safety (Hong Kong Domestic Service, 31 Oct 85).....	78
Guangdong Hotel Ventures Find Difficulty Earning Foreign Exchange (Olivia Sin; SOUTH CHINA MORNING POST, 30 Oct 85).....	79

HONG KONG ECONOMIC TRENDS

Hong Kong Said Austrian Trade Link to Mainland (XINHUA, 4 Oct 85).....	81
Hong Kong's Jan-Aug External Trade Increases (XINHUA, 14 Oct 85).....	82
PRC Official Comments on Hong Kong Banking System (HONG KONG STANDARD, 20 Oct 85).....	83

27 November 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Economic Responsibility System in Enterprises Summarized (Yuan Baohua; QIYE GUANLI, No 6, 5 Jun 85)	1
Economics Research in 1984 Appraised (Sun Shangqing; JINGJI RIBAO, 30 Aug 85)	5
Communications Ministry Promotes Two Civilizations (ZHONGGUO JIAOTONG BAO, 7 Aug 85)	9
Water Conservancy Inspection To Be Conducted (Zhang Minhua; XINHUA Domestic Service, 28 Oct 85)	11

ECONOMIC PLANNING

Fujian's Xiang Nan on Future Economic Work (FUJIAN RIBAO, 17 Oct 85)	13
---	----

AGGREGATE ECONOMIC DATA

Statistical Data Issued for Jan-Sep 1985 (JINGJI RIBAO, 24 Oct 85)	15
Construction Materials Production, Sales Trends Spotlighted (JINGJI RIBAO, 10 Oct 85)	18
Industrial Production for First 3 Quarters of 1985 Praised (Gong Jiao; JINGJI RIBAO, 11 Oct 85)	20
Yunnan Industrial Output Tops 1 Billion Yuan in September (Yang Wangqiong, Wang Maihong; YUNNAN RIBAO, 13 Oct 85)	22

Briefs		
Jiangxi Increases Output Value		23
ECONOMIC MANAGEMENT		
PRC Journal on Integrating 'First and Third Fronts'		
(Lu Dadong; JINGJI GUANLI, No 9, Sep 85)		24
Zhang Jingfu Addresses Quality Control Congress		
(Huang Fengchu; XINHUA Domestic Service, 21 Oct 85)		34
Yuan Baohua, Zhang Yanning on Modern Management		
(Ge Daxing; XINHUA Domestic Service, 26 Oct 85)		36
FINANCE AND BANKING		
Creating More Opportunities for Foreign Banks in Shanghai		
(Lu Shimin; CAIJING YANJIU, No 4, 18 Aug 85)		37
Hebei Commercial Bank's Policy on Credit		
(HEBEI RIBAO, 19 Sep 85)		44
Handsome Tax Revenue From Rural Enterprises Spotlighted		
(Zhong Shanshan; ZHEJIANG RIBAO, 30 Sep 85)		46
Agricultural Bank To Operate Rural Insurance Businesses		
(Xin Xian; NONGCUN JINRONG, No 16, 16 Aug 85)		47
Zhejiang Provincial Agricultural Bank To Issue Bonds		
(Zhu Xiaoyi, et al.; ZHEJIANG RIBAO, 14 Sep 85)		51
Some Issues in Price Reform Discussed		
(Shi Xiulin; FUJIAN LUNTAN, No 6, 5 Jun 85)		53
Briefs		
Funds for Hydropower		59
MINERAL RESOURCES		
Briefs		
Liaoning Diamond Deposit		60
INDUSTRY		
Tianjin Makes Improvements in Industrial Production		
(Tianjin City Service, 29 Oct 85)		61
Baoshan's First Mammoth Blast Furnace To Begin Operation		
(GANGTIE, No 8, Aug 85)		62

CONSTRUCTION

- Hainan Makes Progress in Construction of Key Projects
(Liu Yongxi, Huang Chaomou; HAINAN RIBAO, 14 Aug 85) 65

FOREIGN TRADE AND INVESTMENT

- Chinese-Soviet Trade Surveyed
(Zheng Ren; GUOJI MAOYI, No 8, 27 Aug 85) 67
- Answers to Foreigners' Questions on Investing in China
(Dong Shizhong Interview; GUOJI MAOYI, No 8, 27 Aug 85) .. 70
- Fujian Governor on Increased Foreign Cooperation
(XINHUA, 24 Oct 85) 73
- Record Business Reported at Guangzhou Export Fair
(XINHUA, 26 Oct 85) 74
- Wuhan Diesel Engine Plant Steps Up Exports
(XINHUA, 25 Oct 85) 75
- Briefs
- Nei Monggol Trade Figures 76
 - Japanese Technology Official 76
 - Japanese Office Equipment Exhibition 76

SPECIAL ECONOMIC ZONES

- Price Reform in Shenzhen Special Economic Zone Reviewed
(Zhou Bingteng; SHEHUI KEXUE, No 8, 15 Aug 85) 77

LABOR AND WAGES

- Guangdong Introduces New Worker Recruitment System in 1986
(Liu Xing; YANGCHENG WANBAO, 12 Aug 85) 84
- Raise Wages in Guangzhou
(Xu Shaoji; GHAUNGZHOU YANJIU, No 1, 1985) 86

TRANSPORTATION

- Ministry Notice To Reduce Traffic Accidents Issued
(ZHONGGUO JIAOTONG BAO, 24 Jul 85) 92
- Failure To Observe Traffic Laws Raising Casualties
(ZHONGGUO JIAOTONG BAO, 24 Jul 85) 94
- Causes of Strained Transportation Situation Analyzed
(Yao Yashan; ZHONGGUO JIAOTONG BAO, 3 Aug 85) 95
- Maintaining Highway Security Stressed
(ZHONGGUO JIAOTONG BAO, 24 Jul 85) 98

Hunan Highway Security Improvements Stressed (ZHONGGUO JIAOTONG BAO, 24 Jul 85)	100
Transportation Development in Shenzhen Spotlighted (Lei Lichu; ZHONGGUO JIAOTONG BAO, 7 Aug 85)	102
Nei Monggol Plans To Build 12 Main Highways (Cheng Xiao, Li Yongmei; ZHONGGUO JIAOTONG BAO, 28 Aug 85)	103
Progress Report on Highway, Bridge Construction (ZHONGGUO JIAOTONG BAO, 27 Jul 85)	104
Reconstruction of Qinghai-Xizang Highway (ZHONGGUO JIAOTONG BAO, 28 Aug 85)	106
Longest Highway on Tibetan Plateau, by Zhang Hua, et al. Editorial Praises Highway	106 107
Briefs	
Communications Department Plans Fulfilled	110
PUBLICATIONS	
Briefs	
DONGBEI JINGJI BAO Inaugurated	111
HONG KONG MEDIA ON CHINA	
Guilin Establishes New Airline Company (Li Shizheng; WEN WEI PO, 2 Oct 85)	112
Minsheng Steamship Company Reestablished (TA KUNG PAO, 2 Oct 85)	114
Hong Kong Reporter Visits Baoshan Iron Plant (Chiao Huipiao; TA KUNG PAO, 26, 27 Oct 85)	116
Briefs	
Tianjin-Tanggu Highway Opens	123

5 December 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

XINHUA Interviews State Official on Economy (XINHUA, 3 Nov 85)	1
JINGJI RIBAO Reports Results of Study on China in Year 2000 (Yan Kalin; JINGJI RIBAO, 26 Oct 85)	3
Forecast of Economy at Turn of Century (XINHUA, 6 Nov 85)	5
JINGJI RIBAO on West China's Economic Development (JINGJI RIBAO, 19 Oct 85)	7
State Council Circular on Building Materials (XINHUA Domestic Service, 5 Nov 85)	16
'Nature Products' Market Benefits From Price Decontrol (CHINA DAILY, 1 Nov 85)	19
Private Enterprises Employ Over 16 Million (CHINA DAILY, 1 Nov 85)	20
CHINA DAILY Cites Statistical Bureau Spokesman's Briefing (Zhu Ling; CHINA DAILY, 23 Oct 85)	21
Legal Advice Centers Spur Rural Economy (XINHUA, 25 Oct 85)	23
Economic Reforms Promote Capital Goods Output (XINHUA, 26 Oct 85)	24
Prices Drop as PRC Steel, Cement Shortages Ease (CHINA DAILY, 29 Oct 85)	25

- a -

Growth of Foreign Trade Transport Network Viewed (XINHUA, 2 Nov 85)	27
Prediction of Consumer Purchasing Patterns (XINHUA, 6 Nov 85)	29
Report Breaks Down Consumer Goods Expenditure (CHINA DAILY, 4 Nov 85)	30
PROVINCIAL AFFAIRS	
Heilongjiang Makes Further Arrangements for Rural Work (Heilongjiang Provincial Service, 9 Nov 85)	31
Jilin Meeting Discusses Struggle Against Economic Crimes (Jilin Provincial Service, 2 Nov 85)	32
Fujian Concentrates on Energy, Transport (XINHUA, 24 Oct 85)	33
Hunan Works To Develop Industrial Enterprises (Xiang Feng; CHINA DAILY, 6 Nov 85)	34
Briefs	
Protocols Between Guangdong and Australia	36
Inspection of Reform Work Begun	36
ECONOMIC DEVELOPMENT ZONES	
Briefs	
Xiamen EDZ Construction Funds	37
AGGREGATE ECONOMIC DATA	
Shanghai Meets Economic, Production Targets (XINHUA, 29 Oct 85)	38
Briefs	
Sichuan Town Enterprises	39
ECONOMIC MANAGEMENT	
Hunan Governor Discusses Factory Reform (Xiong Qingquan; Hunan Provincial Service, 11 Nov 85)	40
Chongqing Workers Display Management Skills (XINHUA, 9 Nov 85)	42
Briefs	
Reforms Bring Business for Insurance	43
Enterprises Seek Legal Advice	43
Guangdong Commercial Tax Inspection	44
Economic Irregularities	44

FINANCE AND BANKING

Shanghai Residents Save Money To Buy Apartments (XINHUA, 11 Nov 85)	45
Briefs	
Bank To Issue Bonds	47
Shanghai Bond Issue	47
Tax Methods Aid Shanghai Growth	48
Guangdong Overfulfills Bonds Issuance	48
Sichuan People's Savings Deposits	48

INDUSTRY

Survey Reports Growth of Beijing Service Sector (XINHUA, 8 Nov 85)	49
Briefs	
Foundation Links Technology, Industry	50
Chemical Industry Development	50
Shanghai Baoshan Steel Mill Production	50
Guangxi Steel Profits Up	51
Beijing Industrial Production Achievements	51

CONSTRUCTION

Beijing To Build More Hotels To Meet Demand (Hu Sigang; CHINA DAILY, 23 Oct 85)	52
Shanghai Mayor Addresses Housing Meeting (JIEFANG RIBAO, 29 Oct 85)	54
Tianjin Scores Achievements in Municipal Housing Construction (Tianjin City Service, 6 Nov 85)	55
Tianjin Municipality Works To Develop Tourism (XINHUA, 8 Nov 85)	56
Haikou Developing Port, Building Airport (XINHUA, 12 Nov 85)	58
Auditing Bureau Clears Up Construction Projects (XINHUA Domestic Service, 10 Nov 85)	59
Briefs	
Dalian Pier Expansion	60
Capital Construction Projects Developed	60
Defense Industry Meets Needs	60
Investment in Lianyungang	61
Circular Urges Water Conservancy Construction	61
Beijing Reservoir Construction	61
Rural Water Projects Bids	62
Oil Barge Platform	62

FOREIGN TRADE AND INVESTMENT

Strategy for Shanghai To Meet Asian Pacific Economic Growth (Huang Daming, et al.; SHEHUI KEXUE, No 8, 15 Aug 85)	63
Norwegian Company To Sell Gas Turbines for Daqing Oil Field (Terje Svabo; AFTENPOSTEN, 21 Oct 85)	73
Hunan Develops Joint Ventures, Foreign Trade (Tang Zhixiang; CHINA DAILY, 6 Nov 85)	74
Guangzhou Trade Fair Scores Growth in Volume, Value (Various sources, various dates)	76
Substantial Growth in Export Volume and Value	76
Guangzhou Export Commodities Fair Closes	76
Textiles Top Item at Guangzhou Trade Fair, by Zhang Chuxiong	77
Henan Economic, Technological Talks Conclude (Henan Provincial Service, 30 Oct 85)	79
Briefs	
Wharves Leased to Foreign Firms	80
Guangxi Japanese Industrial Display	80
Heilongjiang Trade Exhibition in USSR	80
Trade Advisory Group in Fujian	81
Foreign Trade Up	81
Seminar Ends	81
Shanghai, Japanese Trade Discussion	81

SPECIAL ECONOMIC ZONES

Xiamen Special Economic Zone Prospering (XINHUA, 11 Nov 85)	82
--	----

LABOR AND WAGES

Forum on Exchange of Technical Workers Held in Xian (Shaanxi Provincial Service, 5 Nov 85)	83
Guangxi Farmers Turn to Mining in Mountainous Areas (CHINA DAILY, 6 Nov 85)	84

TRANSPORTATION

Ministry Takes Action To Stem Ticket Scalping (Zhang Jinsheng; XINHUA Domestic Service, 6 Nov 85)	86
Liaowang Lists PRC Civil Aviation Developments (Chen Ming; LIAOWANG, No 42, 21 Oct 85)	87

Beijing Steps Up Traffic Safety To Curb Accidents (XINHUA, 26 Oct 85)	90
Magazine Cited on Growth of Tianjin Shipper (XINHUA, 7 Nov 85)	92
Briefs	
Beijing Road Improvements	93
Guangdong Port Approved	93
Oceangoing Fleet Continues To Grow	93
Hebei Local Railway Opening	94
Guangdong's Foshan Port	94
 TAIWAN	
Briefs	
Yu on Trade Talks	95
 HONG KONG MEDIA ON CHINA	
Flurry of Bank Openings in Special Economic Zones (WEN WEI PO, 31 Aug 85)	96
Briefs	
New Credit Management Measures Announced	98
Bank of China To Issue CD's in London	98

9 December 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Importance of Correct Policies for Enterprise Reform Discussed (QIYE GUANLI, No 7, 5 Jul 85).....	1
Report on PRC Resources in 2000 Published (XINHUA, 13 Nov 85).....	7
Further on PRC Resources in 2000 Report (XINHUA, 13 Nov 85).....	9
Statistical Bureau Says Growth Rate Slowing Down (XINHUA, 10 Nov 85).....	10
Official Comments on Second Antarctic Expedition (XINHUA, 4 Nov 85).....	11

PROVINCIAL AFFAIRS

Gansu's Li Ziqi Addresses Provincial CPC Meeting (Gansu Provincial Service, 16 Oct 85).....	12
Hebei Secretary's Speech at CPC Plenary Session (Xing Chongzhi; HEBEI RIBAO, 24 Oct 85).....	13
Shanxi Radio Urges Correct View of Current Situation (Shanxi Provincial Service, 20 Oct 85).....	27
Qinghai Meeting Urges Precautions Against Calamities (Qinghai Provincial Service, 29 Oct 85).....	29

Ni Zhifu in Tianjin (TIANJIN RIBAO, 27 Oct 85).....	30
Nei Monggol Technological Achievements Trade Fair Ends (Nei Monggol Regional Service, 1 Nov 85).....	31
Tianjin Sees Better Economic Results From 1981 to 1985 (Tianjin City Service, 30 Oct 85).....	32
Tianjin Municipality's Economic, Social Development Viewed (Tianjin City Service, 27 Oct 85).....	33
Jiangsu Governor Reports on Economic Situation (Jiangsu Provincial Service, 31 Oct 85).....	34
Jiangsu Meeting Considers City Development (Zheng Cuihua, Wu Naihua; XINHUA RIBAO, 22 Oct 85).....	35
Xinjiang 'Courtyard Economy' Developing Well (Li Du, Lan Xiao; RENMIN RIBAO, 3 Oct 85).....	36
Ni Xiance on Jiangxi Economic Development Plan (Jiangxi Provincial Service, 29 Oct 85).....	38
Nei Monggol Workers Congress of Collective Enterprises Ends (Nei Monggol Regional Service, 23 Oct 85).....	39
Nei Monggol Overfulfills Industrial Output Plans (NEIMENGGU RIBAO, 15 Oct 85).....	40
Jiangsu Governor on Rural Industry Development (XINHUA, 7 Nov 85).....	41
Liaoning Secretary on Work Plans for Winter, Spring (LIAONING RIBAO, 11 Oct 85).....	43
Heilongjiang Circular on Arrangements for Winter, Spring Work (Heilongjiang Provincial Service, 11 Nov 85).....	49
Shandong's Development in Sixth 5-Year Plan Period (DAZHONG RIBAO, 26 Oct 85).....	51
Shandong Expands Communications During Sixth 5-Year Plan Period (Shandong Provincial Service, 1 Nov 85).....	55
Tianjin Economic Achievements During Sixth 5-Year Plan Period (Tianjin City Service, 4 Nov 85).....	56
Living Standard Rises in 6th 5-Year Plan (Jiangxi Provincial Service, 31 Oct 85).....	57

Changchun Sees Improvement in Urban Workers' Living Standards (Jilin Provincial Service, 21 Oct 85).....	58
Dalian Mayor Invites Economic Cooperation, Investment (Wei Fuhai; RENMIN RIBAO, 23 Oct 85).....	59
Jilin Sums Up Results of Tax Revenue Inspection (Jilin Provincial Service, 7 Nov 85).....	61
Jilin Telephone Conference on Increasing Savings (Jilin Provincial Service, 1 Nov 85).....	63
Briefs	
Commodity Price Policy Violations	65
Qinghai Leaders on Economic Prospects	65
Anhui Consumers Body	66
State-Run Enterprises Invigorate Economy	66
Liaoning Holds Meeting	66
Building of Key Projects	67
Guizhou Improves Living Standard	67
Yunnan Minority Nationality Economy	67
Hunan Develops Economic Combines	67
Hong Kong Businessman Met	68
Sichuan's Gross Output Value	68
Township Enterprises Issue	68
Energy, Communications Industrial Development	68
ECONOMIC PLANNING	
Hungary's Economic Reforms Reviewed (Zhou Xincheng; XUEXI YU YANJIU, No 9, 5 Sep 85).....	70
AGGREGATE ECONOMIC DATA	
Technological Progress, Reform Promote Production (NINGXIA RIBAO, 29 Sep 85).....	71
Briefs	
Update on Tertiary Industries	73
Beijing Exceeds Targets for Economic Sectors	73
ECONOMIC MANAGEMENT	
Despite Retrenchment, 1985 Chongqing Economic Results Improved (Huang Wenfu; RENMIN RIBAO, 8 Oct 85).....	74
Shandong Commentary on Persisting in Reform (Shandong Provincial Service, 10 Nov 85).....	76
State Commercial Units Must Not Abandon Their Functions (CHANGJIANG RIBAO, 24 Aug 85).....	78

Nei Monggol Enterprises Which Incur Losses Decrease (Dong Huanliang; RENMIN RIBAO, 15 Oct 85).....	80
Rural, Small Town Enterprise Credit Control Stressed (Xu Yulong, Zhu Hongbo; NONGCUN JINRONG, No 17, 1 Sep 85).....	82
Gansu Secretary Attends Symposium on Enterprise Management (Gansu Provincial Service, 7 Nov 85).....	84
Enterprises Urged To Purchase Domestic Technology (Chen Quanjun; RENMIN RIBAO, 13 Sep 85).....	85
FINANCE AND BANKING	
Regulations Governing Loan Contracts Discussed (Li Chengrui; ZHONGGUO JINRONG, No 5, 4 Sep 85).....	88
Agricultural Bank President Explains Bank Bond Issue (Ma Yongwei Interview; NONGMIN RIBAO, 12 Sep 85).....	95
President of Agricultural Bank of China Discusses Funding (Zhang Nianqun; JINGJI RIBAO, 8 Oct 85).....	98
Necessity of Studying Theoretical Residential Rent (Cao Zhenliang; JIAGE LILUN YU SHIJIAN, No 4, 20 Jul 85)..	101
INDUSTRY	
Construction of Baoshan Iron, Steel Complex Discussed (Zhou Yongkang; LIAOWANG, No 38, 23 Sep 85).....	105
RENMIN RIBAO on Development of Aircraft Industry (XINHUA, 11 Nov 85).....	112
Briefs Largest Glass Plant Grows	113
CONSTRUCTION	
Minister Announces Increased Rural Housing (XINHUA, 9 Nov 85).....	114
FOREIGN TRADE AND INVESTMENT	
Sino-Soviet Trade Relations Reviewed (Dyanko Shishkov; POGLED, 22 Jul 85).....	116
Shanghai's Foreign Trade Developed in Past 5 Years (JIEFANG RIBAO, 5 Nov 85).....	117

Briefs

Guizhou Boosts Foreign Trade	119
Secretary Tours Sales Exhibition	119
Jilin Overfulfills Export Plan	119

TRANSPORTATION

Transportation Strategy Symposium Convened in Wuxi (GONGLU, No 7, 25 Jul 85).....	120
Transportation Structure Key to Road Transport Development (Wang Zhanyi; GONGLU, No 7, 25 Jul 85).....	122
Economic Daily Predicts Transportation's Future (XINHUA, 9 Nov 85).....	130
Computerized Traffic Control System in Beijing (XINHUA, 12 Nov 85).....	131
Briefs	
Wuhan-Fuzhou Air Route	132

HONG KONG MEDIA ON CHINA

China's Three Major Developing Industries Described (Chen Zeping; JINGJI BAODAO, No 38-39, 1 Oct 85).....	133
Baoshan Steel Sets New Level for China (JINGJI BAODAO, No 38-39 1 Oct 85).....	137

10 December 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

PRC Journal on Urban Construction Sites as Commodities (Chen Xiuhua; JINGJI YANJIU, No 9, 20 Sep 85)	1
PRC Journal on Switching to Qualitative Economy (Tian Jianghai; JINGJI YANJIU, No 9, 20 Sep 85)	8

PROVINCIAL AFFAIRS

Sichuan's Yang Rudai Attends Urban Construction Forum (Sichuan Provincial Service, 14 Nov 85)	17
Xizang's Wu Jinghua Addresses Forum of Factory Managers (Xizang Regional Service, 13 Nov 85)	18
Guangdong Vice Governor Speaks on Audit Work (Guangdong Provincial Service, 15 Nov 85)	19
Hunan Secretary, Governor at Science, Technology Conference (Hunan Provincial Service, 13 Nov 85)	20
Nei Monggol People's Congress Meeting Holds Plenum (Nei Monggol Regional Service, 15 Nov 85)	22
Briefs	
U.S. Firm Cosponsors Medical Conference	24
Audio-Visual Equipment Donation	24
Sino-Japanese Medical Conference	24
Lanzhou Facelift	25

ECONOMIC DEVELOPMENT ZONES

Coastal Zones Focusing on Export Economy (XINHUA, 12 Nov 85)	26
---	----

ECONOMIC PLANNING

Liaoning Circular on Winter-Spring Industrial Production (Liaoning Provincial Service, 17 Nov 85)	28
--	----

AGGREGATE ECONOMIC DATA

Shandong Scores Achievements in Economic Reform (DAZHONG RIBAO, 4 Nov 85)	30
--	----

ECONOMIC MANAGEMENT

National Enterprise Consolidation Meeting Held (Huang Fengchu; XINHUA Domestic Service, 20 Nov 85)	31
Media Cautioned Against Soliciting Advertising Funds (Jin Jun; CHINA DAILY, 20 Nov 85)	32
Guangxi Holds Conference on Taxation, Finances, Commodities (Guangxi Regional Service, 13 Nov 85)	33
Heilongjiang Conference on Inspecting Financial Affairs (Heilongjiang Provincial Service, 18 Nov 85)	35
Guangxi Paper Urges Correcting of Unhealthy Trends (Guangxi Regional Service, 19 Nov 85)	37
Hubei Holds Meeting on Financial, Tax Inspection (Hubei Provincial Service, 28 Oct 85)	39
Hunan: Technology Markets Revitalize Economy (XINHUA, 19 Nov 85)	41
Gansu Urges Stop to Indiscriminately Levied Charges (Gansu Provincial Service, 15 Nov 85)	43
PRC Paper on Reform of Township Collective Industries (Xing Yichu, et al.; RENMIN RIBAO, 1 Nov 85)	44
Briefs	
Tianjin Recovers Illegal Funds	50
Survey on Credit Situation	50
Tax Inspection Work	51

FINANCE AND BANKING

'Remarkable Gains' From Insurance Expected (XINHUA, 20 Nov 85)	52
Xiamen Joint Venture Bank To Start Business 28 Nov (AFP, 20 Nov 85)	53
Industrial and Commercial Bank Discipline Meeting Urges Investigation (Hu Ruining; RENMIN RIBAO, 15 Nov 85)	54

Revisions in Commercial, Industrial Tax Calculation Described (Ding Xuming, Wang Xinkuan; SHANGYE KUAIJI, No 8, 10 Aug 85)	56
---	----

Briefs

Life, Property Insurance Policies	60
Henan Financial Situation	60
Guangdong Loans to Stricken Areas	60
Henan Peasants' Income Increases	61
Guangdong: Checking of Loan Grants	61
Xinjiang Tax Collection	61
Rural Banking Network	62
Bank of China To Expand	62
Harbor Construction Tax	62

MINERAL RESOURCES

Briefs

New Shandong Gold Mine	63
Shandong Gold Production	63
Country's Mineral Reserves Verification	63

INDUSTRY

Garment Industry Officials Cited on Developments (XINHUA, 19 Nov 85)	64
Textile Production, Sales Brisk (Ma Guofu; JINGJI CANKAO, 24 Sep 85)	65
Production of Synthetic Fibers Stepped Up (Nie Lisheng; CHINA DAILY, 19 Nov 85)	67
RENMIN RIBAO Cites Official on Aviation Industry (XINHUA, 6 Nov 85)	69
Shanghai: Opening to Outside Improves Shipbuilding (XINHUA, 18 Nov 85)	71
Statistics Bureau Calls for Moderate Speed in Development (Ren Jiudi; JINGJI CANKAO, 20 Sep 85)	73
Briefs	
Expansion of Automotive Industry	77
Steel Industry's Energy Consumption Drops	77
Chinese Petrochemical Equipment Improves	78

CONSTRUCTION

Beijing Planning Reservoir To Ease Water Shortage (Wu Jinshu, Hu Sigang; CHINA DAILY, 15 Nov 85)	79
Reclaimed Land in Fuzhou To Be Used for High-Technology Projects (Yu Ling; CHINA DAILY, 6 Nov 85)	81

Briefs	
Regional Railway Construction	83
FOREIGN TRADE AND INVESTMENT	
Todorov in PRC, Economic Cooperation Discussed (BTA, 7 Nov 85)	84
Advanced, Imported Technology Benefits Beijing (XINHUA, 10 Nov 85)	85
Briefs	
Jiangsu Foreign Trade	86
Guangdong's Export Target	86
Nissan Group Motor Exhibition	86
PRC-Yugoslav Steel, Metals Contract	87
Hamburg Economic Delegation Meeting	87
PRC-Bulgarian Cooperation Protocol	87
LABOR AND WAGES	
JINGJI RIBAO Lists Population, Employment Statistics (Tian Xueyuan; JINGJI RIBAO, 4 Nov 85)	88
Guangxi Peasants Develop Mining Industry (XINHUA, 14 Nov 85)	92
Trade Union Urges Better Organization in Enterprises (GONGREN RIBAO, 8 Sep 85)	93
Trade Union Meeting Closes; Changes Announced (XINHUA, 13 Nov 85)	95
Hunan Holds Telephone Conference on Employment (Hunan Provincial Service, 19 Nov 85)	96
Beijing Focusing on Tertiary Industries (Chen Shuquan; BAN YUE TAN, No 17, 10 Sep 85)	97
Briefs	
Shandong Tertiary Trade Workers	100
Qinghai Commodity Production	100
Xiamen Technical Personnel Training	100
TRANSPORTATION	
PRC Shipping Company Expects Large Growth in Ocean Transport (Ding Fuhai; CHINA DAILY, 14 Nov 85)	101
HONG KONG MEDIA ON CHINA	
French Concessions Raise Hopes for Daya Bay Project (Albert Chan; SOUTH CHINA MORNING POST, 30 Oct 85)	103

12 December 1985

CHINA REPORT
ECONOMIC AFFAIRS

ENERGY: STATUS AND DEVELOPMENT--44

TARIM BASIN OIL DEVELOPMENT STUDIED

[Selected articles from a special issue of SHIYOU YU TIANRANQI DIZHI [OIL AND GAS GEOLOGY], Vol 6, Jun 1985, subtitled "PROSPECTS FOR TARIM BASIN OIL AND GAS"]

CONTENTS

Foreword.....	1
Tarim Basin Could Be Major Factor in Future Energy Planning (Li Desheng).....	3
Data From Shacan-2 Strike Answer Many Questions (Guan Shizong).....	7
New Findings Require Rethinking of Exploration Policy (Shi Xunzhi).....	11
Urgency of Exploration in North Tarim Basin Underscored (Huang Xude).....	15
Role of Geophysical Exploration Is Key Element (Zhu Dashou).....	19
Good Prospects for Oil, Gas Expected in Tarim's Deep Strata (Zhou Zhongyi).....	22
Analyses Attempt To Identify Oil Source of Shacan-2 (Zeng Xianquan).....	25
Oil Source Analysis in Shacan-2 Generates Great Optimism (Yang Bin, Wang Baoyu).....	29
Immediate Targets for Exploration in Tarim Basin Suggested (Gao Zhenjia).....	34

Basin Theory To Promote New Discoveries in Tarim (Gan Kewen).....	37
Drawing Up a Unified Plan To Accelerate Exploration in Tarim (Luo Zhetan).....	40
Fracture System, Hydrocarbon Accumulation in Tarim Basin (Yan Yugui).....	42
Shacan-2 and Direction of Future Exploration in Tarim Basin (Kang Yuzhu).....	45
Reasons for Accelerating Oil Exploration in Tarim Argued (Tian Zaiyi).....	49
Petroleum Potential of the North Tarim Basin Outlined (Ya Xiugang).....	53
Opinions on Petroleum Exploration in Tarim Basin Presented (Chai Guilin).....	56
Structural Divisions of the Tarim Basin.....	60

17 December 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Economic Daily Publishes Forecast for Year 2000 (XINHUA, 26 Oct 85).....	1
Chinese People's Consumption by 2000 Predicted (Cheng Xiusheng, Tang Ruoni; JINGJI RIBAO, 6 Nov 85).....	3
Journal on Commercializing Technological Research (Yu Guangyuan; JINGJI YANJIU, No 10, 20 Oct 85).....	7
Defense Industry Transformation Conference Opens (XINHUA, 18 Nov 85).....	11
RED FLAG: Open Policy Supplements Socialist Economy (XINHUA, 15 Nov 85).....	12
RENMIN RIBAO Reports Gu Mu Visit to Hainan (XINHUA, 12 Nov 85).....	13
JINGJI YANJIU on Regulative Role of Law of Value (Gao Hongye; JINGJI YANJIU, No 9, 20 Sep 85).....	14
JINGJI YANJIU on PRC's Stages of Economic Growth (Wang Jiye; JINGJI YANJIU, No 9, 20 Sep 85).....	20
Briefs	
Shanghai Facsimile Mail Service	29

PROVINCIAL AFFAIRS

Fujian Province's Hu Ping Addresses Seminar (Fujian Provincial Service, 13 Nov 85).....	30
--	----

Hu Ping on Resources in Fujian's Hilly Areas (Fujian Provincial Service, 10 Nov 85).....	31
Shanghai's Economic Reform Making Steady Progress (Yao Jinqing; WEN HUI BAO, 30 Sep 85).....	32
Anhui Association To Promote Modernization (Anhui Provincial Service, 12 Nov 85).....	34
Restructuring of Anhui Commercial System Highlighted (Liu Yimao; ANHUI RIBAO, 9 Sep 85).....	36
Governor Assesses Hebei's Economic Status (HEBEI RIBAO, 12 Sep 85).....	38
Hebei Reports on January-September Financial Situation (Hebei Provincial Service, 27 Oct 85).....	42
Hebei Governor on 1986 Economic Work (Zhang Shuguang; HEBEI RIBAO, 25 Oct 85).....	43
Shandong Achieves Good Economic Development in 1984 (DAZHONG RIBAO, 3 Nov 85).....	58
Hunan Science, Technology Meeting Concludes (Hunan Provincial Service, 15 Nov 85).....	60
Hunan Adopts Decision on Statistical Work (Hunan Provincial Service, 19 Nov 85).....	61
YUNNAN RIBAO on Provincial Economic Situation (Zhang Tingjun; YUNNAN RIBAO, 30 Oct 85).....	62
Shandong Fulfills National Economic Plan for Jan-Sep (DAZHONG RIBAO, 29 Nov 85).....	64
Shandong Holds Meeting To Discuss 7th 5-Year Plan (Shandong Provincial Service, 15 Nov 85).....	66
Gansu Overfulfills Targets of Sixth 5-Year Plan (Gansu Provincial Service, 13 Nov 85).....	67
Northeast China Forum on Economic Reform Concludes (Jilin Provincial Service, 20 Nov 85).....	68
Supply, Marketing Cooperatives Improve Services (Yang Guoen, et al.; ANHUI RIBAO, 9 Sep 85).....	69
Army Farms Encourage Household Operations (Li Kefu; RENMIN RIBAO, 29 Sep 85).....	70

Paper Deplores Foreign Trade Officials Feathering Their Nests (RENMIN RIBAO, 18 Aug 85).....	72
Peasant Funds Replace State Loans for Rural, Small Town Enterprises (ZHONGGUO XIANGZHEN QIYE BAO, 10 Aug 85).....	73
Henan Workers Show Productivity, Profit Gains (XINHUA, 14 Nov 85).....	75
Briefs	
Shandong Township Enterprises	77
JINGJI RIBAO Office in Liaoning	77
Jiangsu Governor on Economic Situation	77
Guizhou Forum Discusses Tasks	78
Yunnan Non-Ferrous Metal Production	78
Jilin Economic Development	78
AGGREGATE ECONOMIC DATA	
Figures on Shanghai Living Standards Reported (XINHUA, 15 Nov 85).....	79
Beijing Increases Output in Major Industrial Sectors (BEIJING RIBAO, 4 Nov 85).....	81
Briefs	
Beijing's Fulfillment of Targets	83
ECONOMIC MANAGEMENT	
JINGJI GUANLI Discusses Optimal Growth Speed (Shen Liren; JINGJI GUANLI, No 9, 5 Sep 85).....	84
Southwest Region Promotes Economic Integration (XINHUA, 15 Nov 85).....	92
Shanghai Maintains Price Stability (WEN HUI BAO, 20 Sep 85).....	93
Shanghai Scores Success in Combating Economic Crimes (Wang Baolai; WEN HUI BAO, 11 Sep 85).....	94
Arbitration, Prosecution Legal Price for Breach of Contracts (Wang Guoying; BAN YUE TAN, No 13, 10 Jul 85).....	96
FINANCE AND BANKING	
Bank of China Official on Cooperation With Hong Kong (XINHUA Hong Kong Service, 14 Nov 85).....	99

China's Current Banking Policy, Regulations Discussed (Wu Nianlu; GUOJI MAOYI, No 8, 27 Aug 85).....	102
Hainan Rural Financial Departments Act To Control Loans (Hainan Island Service, 11 Nov 85).....	107
Briefs	
Bank Registers Financial Units	108
Individual Businesses	108
MINERAL RESOURCES	
Heilongjiang Official Interviewed on Gold Production Policy (Cui Dewen Interview; Heilongjiang Provincial Service, 12 Nov 85).....	109
INDUSTRY	
Jilin's Gao Di Attends Office Meeting at Plant (Jilin Provincial Service, 9 Nov 85).....	111
Briefs	
Shandong Building Industry	113
CONSTRUCTION	
Heilongjiang Achievements in Building Highways (Heilongjiang Provincial Service, 18 Nov 85).....	114
Heilongjiang Makes Progress in Housing Construction (HEILONGJIANG RIBAO, 2 Nov 85).....	115
Briefs	
Jiangsu Port Expansion	116
Tianjin Rural Housing Construction	116
Beijing Road Construction	116
Shanxi Water Conservancy Construction	116
FOREIGN TRADE AND INVESTMENT	
Beijing Municipal Exports During 1979-1984 Period Reported (BEIJING RIBAO, 29 Oct 85).....	117
Yunan Promotes Foreign Economic Relations, Trade (Yunnan Provincial Service, 16 Nov 85).....	118
Heilongjiang Reports Progress in Foreign Trade, Cooperation (HEILONGJIANG RIBAO, 27 Oct 85).....	119
Study International Economic Law To Promote Open Door (Li Zepai; SHENZHEN DAXUE XUEBAO, No 1, Dec 84).....	121

Briefs	
Overseas Joint Ventures	131
Asian-Pacific Trade Exposition	131
Guangdong Exports Increase	131
Guangxi Foreign Trade	132
Shenzhen Patents Rights Office	132
Henan Export Business Booms	132
Henan Foreign Economic Relations	132

TRANSPORTATION

Shanghai Port Meets Year's Quota Early (XINHUA, 20 Nov 85).....	134
Container Freight Volume Expected to Quadruple (XINHUA, 20 Nov 85).....	135
Harbor Cargo Handling Capacity Lags Behind Trade Needs (Li Jian; RENMIN RIBAO, 5 Jul 85).....	136
Ministry Cadres To Help Relieve Port Congestion (Li Changqing; RENMIN RIBAO, 6 Sep 85).....	138
Dalian Promoted as Eurasian 'Land Bridge' Transshipment Port (Zhao Xian Yao, Zhang Hongde; JINGJI DILI, No 3, Aug 85).....	139
Jilin Secretary Attends Airport Reopening Ceremony (Jilin Provincial Service, 15 Nov 85).....	149
Air Force Praised for Supporting Civil Aviation (Sun Maoqing; XINHUA Domestic Service, 20 Nov 85).....	151
Beijing Modernizes Airport, Increases Profits (BEIJING RIBAO, 24 Oct 85).....	152
Wang Fang Attends Zhejiang Overpass Inauguration (Zhejiang Provincial Service, 15 Nov 85).....	153
Briefs	
New Heilongjiang Air Routes	154
Changchun-Guangzhou Air Route	154
Xizang Plateau Highway Network	154

CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

Yugoslavia's Experience in Importing Technology Reviewed (Li Shi; GUOJI SHANGBAO, 2 Sep 85).....	155
---	-----

TAIWAN

Briefs

Technological Development Funds

157

KONG KONG MEDIA ON CHINA

Overheating of PRC Economy and Urban Reform Analyzed

(Luo Shani Interview; CHENG MING, No 9, 1985)..... 158

19 December 1985

CHINA REPORT
ECONOMIC AFFAIRS
ENERGY: STATUS AND DEVELOPMENT--45

CONTENTS

NATIONAL POLICY

Energy Requirements, Strategy To Year 2000 and Beyond (Lu Yingzhong; ZHONGGUO KEJI LUNTAN [FORUM OF SCIENCE AND TECHNOLOGY IN CHINA], Sep 85).....	1
Two-Year Study Projects Energy Consumption Patterns by Year 2000 (XINHUA, 9 Nov 85).....	11
Energy Consumption Statistics for First Half of '85 Published (JINGJI RIBAO, 31 Aug 85).....	13
Hydro-Thermal-Nuclear Power Structure Proposed (Zheng Shaolin; FUJIAN LUNTAN No 8, 5 Aug 85).....	17
Preliminary Approach to Layout of Oil Refineries in China (Song Wucheng; NENG YUAN [JOURNAL OF ENERGY] No 4, Aug 85).....	23
Briefs Power Industry Manpower	28

POWER NETWORK

Protection of Systems Against Electromagnetic Pulse Discussed (Yue Baoliang; DIANLI JISHU [ELECTRIC POWER] No 8, 5 Aug 85).....	29
Accelerating Automation of Power Network Automation (Zhao Qingfu; DIANLI XITONG ZIDONGHUA [AUTOMATION OF ELECTRIC POWER] No 4, Jul 85).....	32

Recap of Symposium on National Power Grid Dispatching Automation	
(Cai Yang; DIANLI XITONG DIZONGHUA [AUTOMATION OF ELECTRIC POWER SYSTEMS] No 5, Sep 85).....	42
Reports at Automated Power Grid Dispatching Symposium Excerpted	
(DIANLI XITONG ZIDONGHUA [AUTOMATION OF ELECTRIC POWER SYSTEMS] No 5, Sep 85).....	44
Sichuan Adopts Variety of Measures To Resolve Energy Shortage (SICHUAN RIBAO, 1 Aug 85).....	52
Sichuan To Build Four Large Power Facilities (SICHUAN RIBAO, 5 Aug 85).....	54
Guangxi Power Industry Develops Rapidly (ZHONGGUO XINWEN SHE, 13 Nov 85).....	55
Zhejiang Diversifies Power Sources (XINHUA, 15 Nov 85).....	56
Shandong Makes Marked Progress in Power Industry (Shandong Provincial Service, 6 Nov 85).....	57
Beijing's Power Supply Said Vastly Improved (BEIJING RIBAO, 28 Sep 85).....	58
Briefs	
Guangxi Transmission Line Erected	60
Anhui Power Transmission	60
Zhejiang Power Generation	60
Shanxi 500 kV Line	60
Henan Develops Power Industry	61
Guangdong-Guangxi Power Network	61
Guangxi Power Development	61
Gezhouba-Shanghai 500 kV Line	61
Huainan-Shanghai 500 kV Line	61
Heilongjiang Power Construction	62

HYDROPOWER

Economics of Hydropower Evaluated	
SHUILI FADIAN [WATER POWER] No 9, 12 Sep 85).....	63
Proposed Cascade Development From Longyangxia to Liujiaxia (Shi Ruifang; SHUILI FADIAN [WATER POWER] No 8, 12 Aug 85).....	75
Construction of Longyangxia 'In Full Swing' (XINHUA, 15 Nov 85).....	81

Canada To Undertake Feasibility Study for Three Gorges Project (XINHUA, 8 Oct 85).....	82
Hunan Pushing Both Large- and Small-Scale Projects (XINHUA, 16 Oct 85).....	83
Fujian Small Hydropower Station Is Model of Efficiency (Xu Shicheng; FUJIAN RIBAO, 26 Aug 85).....	85
Briefs	
Baishan Update	87

THERMAL POWER

Plant To Be Built in Liaoning Will Be Nation's Largest (LIAONING RIBAO, 28 Oct 85).....	88
Construction of 1400 MW Dalian Plant Begins (LIAONING RIBAO, 11 Oct 85).....	89
Bidding Begins on Hebei Plant Equipment (XINHUA, 18 Nov 85).....	90
Briefs	
Huge Zhejiang Plant Approved	91
Hainan To Double Power Capacity	91
Big Shijiazhuang Plant Planned	91
Bids Invited For Coal-fired Plants	91

COAL

Output Increases During Sixth Five-Year Plan (ZHONGGUO XINWEN SHE, 11 Oct 85).....	93
Decline in Consumption Allows Greater Stockpiling (JINGJI RIBAO, 18 Nov 85).....	94
Now Miniscule, Coal Exports Could Take a Quantum Leap (Zhao Wei; JINGJI DAOBAO [ECONOMIC REPORTER] No 33, 19 Aug 85).....	96
Coal Exports To Grow During Seventh Five-Year Plan (RENMIN RIBAO (OVERSEAS EDITION), 14 Nov 85).....	100
Rapid Development of Northeast Coal Industry (JILIN RIBAO, 7 Aug 85).....	101
Bright Prospects for Northeast Coal Fields (Liu Xieyang; RENMIN RIBAO (OVERSEAS EDITION), 16 Oct 85).	102

Outstanding Results of Huainan Xie No 1 Coal Mine Described (RENMIN RIBAO, 26 Aug 85).....	104
Great Increase in Output of Coking Coal at Qitaihe Reported (HEILONGJIANG RIBAO, 1 Oct 85).....	106
Aerial Remote Sensing Uncovers New Reserves (XINHUA, 4 Nov 85).....	108
Anhui Overfulfills Energy Plan (Anhui Provincial Service, 31 Oct 85).....	109
Opinions Offered on Coal Field Geological Exploration (Wang Wenlong; ZHONGGUO DIZHI [CHINA GEOLOGY] No 6, 13 Jul 85).....	110
Briefs	
Hebei Overfulfills Plan	116
Shanxi Output Figures	116
Henan Anthracite Mine	116
New Jilin Coal Field	116
Coal Shipped From Shaanxi	117
Henan Overfulfills Quota	117
Huolinhe Strip Mine Expansion	117

OIL AND GAS

Reform Spurs Daqing's Development (Zhou Zhongxue; XINHUA Domestic Service, 29 Oct 85).....	118
Daqing Builds Third Underground Gas Storage Facility (HEILONGJIANG RIBAO, 2 Sep 85).....	119
Shandong Begins Double Pipeline Project To Meet Higher Output (ZHONGGUO XINWEN SHE, 18 Oct 85).....	120
Liaohe Crude Output Unaffected by Typhoon (LIAONING RIBAO, 24 Aug 85).....	121
Bright Prospects for Hainan's Petroleum Exploitation (Li Fu; HAINAN RIBAO, 23 Jul 85).....	122
Bohai Bay Venture With Japan (XINHUA, 31 Oct 85).....	125
Newly Discovered Reserves Enhance Prospects for Karamay (XINHUA RIBAO, 25 Sep 85).....	126
Petroleum, Geological Prospecting in Tarim Basin (XINHUA RIBAO, 27 Sep 85).....	127

Briefs	
New Liaoning Refinery	129
Shengli Increases Output	129
Maoming Export Base	129
Offshore Weather Service	129
Contract for Oil Search Awarded	130
Bohai Well Increases Production	130
Hubei Oil Refinery Develops	130
New Beibu Well	130
Daqing Reserves Revised Upward	131

NUCLEAR POWER

Li Peng on Nuclear Power in Seventh Five-Year Plan (XINHUA, 4 Nov 85).....	132
Role of Nuclear Power in Nation's Power Structure Reviewed (Peng Shilu; HE DONGLI GONGCHENG [NUCLEAR POWER ENGINEERING] No 6, 20 Jun 85).....	133
Briefs	
Sunan Update	138

SUPPLEMENTAL SOURCES

Wind, Solar Power Development in Nei Monggol (XINHUA, 12 Oct 85).....	139
Offshore Island To Become New Energy Pilot Base (XINHUA, 18 Oct 85).....	140
Economic Feasibility of Biogas Construction in China (Huang Zhijie; NENG YUAN [JOURNAL OF ENERGY] No 4, Aug 85).....	141
Briefs	
Gansu Solar Power Station	150

CONSERVATION

Conservation Effort by Industry Applauded (JINGJI RIBAO, 31 Aug 85).....	151
Rural Areas Lag Behind Rest of Nation in Conservation (JINGJI RIBAO, 31 Aug 85).....	153
Briefs	
1985 Conservation Target Exceeded	155
New Mixture Will Save Gasoline	155

20 December 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

NATIONAL POLICY AND ISSUES

PRC Journal on 7th 5-Year Plan Proposals (Liu Hong, Wei Liqun; JINGJI YANJIU, No 10, 20 Oct 85)...	1
JINGJI RIBAO Views Communications and Transport in 2000 (Huang Yuqing; JINGJI RIBAO, 9 Nov 85).....	15
Zhang Jingfu at Conference on Technical Progress (XINHUA, 24 Nov 85).....	19
National Investment Policy Forum Ends in Beijing (Ge Daxing; XINHUA, 23 Nov 85).....	21
RENMIN RIBAO on Control of Investment in Fixed Assets (Zhou Daojiong, Tian Chunsheng; RENMIN RIBAO, 11 Nov 85).	23

PROVINCIAL AFFAIRS

Shanghai Municipality Revenue, Expenditures Reported (WEN HUI BAO, 1 Sep 85).....	27
Shandong Urban Housing Situation Improves (DAZHONG RIBAO, 12 Nov 85).....	29
Southwest China Provinces Hold Economic Coordination Meeting (Yunnan Provincial Service, 23 Nov 85).....	30
Shaanxi's Li Qingwei, Sun Daren Inspect Work of Counties (Shaanxi Provincial Service, 25 Nov 85).....	31
Governor Addresses Auditing Work Conference (Shandong Provincial Service, 21 Nov 85).....	33

Shandong Spending on Consumer Goods Increases Markedly (DAZHONG RIBAO, 11 Nov 85).....	35
Guangdong Steadily Develops, Contributes to National Economy (Guangdong Provincial Service, 22 Nov 85).....	36
Liaoning's Industry Developed Rapidly in 5-Year Plan Period (Liaoning Provincial Service, 6 Nov 85).....	37
Shaanxi Promotes Industrial, Communication Production (Shaanxi Provincial Service, 21 Nov 85).....	38
Guangdong Holds Meeting on External Economic Work (Guangdong Provincial Service, 25 Nov 85).....	39
Xiang Nan Briefs Foreign Guests on Fujian Economy (Xu Yaohua; FUJIAN RIBAO, 2 Nov 85).....	40
Hunan Meeting Analyzes Industrial Situation (Hunan Provincial Service, 24 Nov 85).....	41
Briefs	
Nei Monggol Township Enterprises	42
Tianjin Living Standards	42
Shanghai's Factories Visited	42
Conference on Mountainous Areas	42
Henan's Industrial Output	43

ECONOMIC PLANNING

China Prepares To Launch Second Industrial Survey (XINHUA, 30 Nov 85).....	44
---	----

ECONOMIC MANAGEMENT

Economic Cooperation Between Zhejiang, 28 Provinces Carried Out (Ren Ruizhen; ZHEJIANG RIBAO, 2 Oct 85).....	45
Auditing Supervision Service to Economic Reform Required (Ling Zuyou, Gao Qi; RENMIN RIBAO, 4 Oct 85).....	47
Both Economic Development Speed, Results Required (Chen Younian; ANHUI RIBAO, 20 Sep 85).....	50
People's Government Sponsors Conference on Auditing (TIANJIN RIBAO, 13 Nov 85).....	52
Mayor Marks Wuhan Steel Works' Integration (XINHUA, 29 Nov 85).....	53

Cooperation Spurs Productivity in Shanghai (XINHUA, 2 Dec 85).....	55
Enterprise Retooling Aids Zhejiang Development (XINHUA, 28 Nov 85).....	57
Hunan Meeting on Cracking Down on Economic Crime (Hunan Provincial Service, 24 Nov 85).....	59
Sichuan Reports Success in Price Inspection Work (Sichuan Provincial Service, 24 Nov 85).....	60
Briefs	
Tianjin Individual Businesses	61
Guangdong Issues Circular	61
FINANCE AND BANKING	
Methods of Stabilizing Growth Rate of Money Supply Discussed (Wang Guangqian; JINGJI YANJIU, No 10, 1985).....	62
MINERAL RESOURCES	
Shaanxi's Mineral Resources (Dong Yingbi; ZHONGGUO DIZHI [CHINA GEOLOGY], No 8, 13 Aug 85).....	71
INDUSTRY	
Nei Monggol Feed-Processing Industry Developed (Bao Er, Yan Xiuzhu; NEIMENGGU RIBAO, 11 Aug 85).....	75
Anhui Engineering Industry Development Rapid (Xu Bin, Zhao Ruguang; ANHUI RIBAO, 22 Sep 85).....	77
Anhui Engineering Industry Completes Sixth 5-Year Plan (Xu Bin, Li Li; ANHUI RIBAO, 30 Sep 85).....	79
Baoshan Steel Complex Engineer Interviewed (Zhou Yongkang; XINHUA, 21 Nov 85).....	81
CPC, State Council Greet Baoshan Project Opening (XINHUA, 26 Nov 85).....	85
CONSTRUCTION	
Construction Company Rapidly Expands Residential Housing (ZHONGGUO XINWEN SHE, 20 Nov 85).....	87

First Generating Unit of Tongliao Power Plant in Operation (Zhang Wancheng, Zhang Caimao; NEIMENGGU RIBAO, 22 Aug 85).....	88
Construction Starts on Tongqu Mine (Yao Peng, Yan Chun; TAIYUAN RIBAO, 26 Sep 85).....	90
Briefs	
Construction of Harbor Begun	92
FOREIGN TRADE AND INVESTMENT	
Aircraft Industry Cooperating With U.S., FRG (XINHUA, 21 Nov 85).....	93
Esso/Shell Wins South China Sea Oil Contract (XINHUA, 15 Nov 85).....	95
Guangxi Province To Stage First Trade Exhibition in Hong Kong (SOUTH CHINA MORNING POST, 22 Nov 85).....	96
Japanese Firm Skirts PRC Foreign Exchange Restrictions (Chito Santiago; HONG KONG STANDARD, 14 Nov 85).....	97
PRC Reluctant To Allow Totally Foreign-Owned Companies (Olivia Sin; SOUTH CHINA MORNING POST, 15 Nov 85).....	99
Guangxi Holding Exhibition in Hong Kong To Promote Trade (HONG KONG STANDARD, 27 Nov 85).....	101
Opening Up Policy Increases Foreign Investment (XINHUA, 25 Nov 85).....	102
Products at Beijing Trade Fair Impress Visitors (XINHUA, 28 Nov 85).....	104
Briefs	
PDRY Irrigation Project	106
Foreign Investment Promoted	106
Tuobin Receives Irish Delegation	106
Chinese and Bulgarian Officials Meet	107
Japan's Nissan Company Holds Exhibit	107
SPECIAL ECONOMIC ZONES	
Hong Kong Company Drops Plans To Build New District in Shenzhen (Olivia Sin; SOUTH CHINA MORNING POST, 4 Nov 85).....	108
TRANSPORTATION	
Briefs	
Shanghai-Taiyuan Nonstop Flight	111
New Jilin Air Route	111

31 December 1985

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

PRC Specialists' Report on China's Future (XINHUA, 23 Nov 85)	1
Zhu Rongji on Industrial Technological Progress (Zhu Rongji; Beijing Domestic Service, 1 Dec 85)	6
National Conference To Plan Technical Progress for 1986 (Chen Guanfeng; CHINA DAILY, 25 Nov 85)	8
Advances in Sixth 5-Year Plan Assessed (XINHUA, 23 Nov 85)	10
PRC Economists Discuss Guangzhou's Development (ZHONGGUO XINWEN SHE, 27 Nov 85)	12
PRC Official on Technical Service, Technology Transaction Centers (Chen Guanfeng; CHINA DAILY, 30 Nov 85)	13
Coal Minister Addresses Model Worker Conference (XINHUA, 30 Nov 85)	15
Reform of Trade Statistics System in Special Economic Zones (Wu Rongkun; TONGJI YANJIU, No 2, 7 Jun 85)	16
Briefs	
Patent Applications Received	26
Survey of Coastal Zones Completed	26
Retail Sales Growth Slowed	26
Conference on Employment	27

PROVINCIAL AFFAIRS

Fujian Governor Speaks to Press on Economic Plan (XINHUA, 29 Nov 85)	28
---	----

- a -

Xinjiang Reports Good Development of Township Enterprises (Xinjiang Regional Service, 2 Dec 85)	30
Sichuan Governor Speaks on Focal Points in Economic Work (Sichuan Provincial Service, 2 Dec 85)	31
Hebei Holds Provincial Urban Work Conference (Hebei Provincial Service, 23 Nov 85)	33
Shanxi's Li Ligong Speaks at Modernization Support Meeting (Shanxi Provincial Service, 2 Dec 85)	34
Sichuan Township Enterprises Develop Rapidly (Sichuan Provincial Service, 29 Nov 85)	35
Guangdong's Lin Ruo at Meeting on Work Concerning Mountainous Areas (Guangdong Provincial Service, 29 Nov 85)	37
Guangdong Symposium on Personal Responsibility System (Guangdong Provincial Service, 29 Nov 85)	39
Guangdong Circular on Tractor License Fees (Guangdong Provincial Service, 27 Nov 85)	41
Jiangsu's Han Peixin Addresses Meeting on Pricing (Jiangsu Provincial Service, 29 Nov 85)	42
Heilongjiang Reports Balanced Light, Heavy Industrial Development (Heilongjiang Provincial Service, 26 Nov 85)	43
Nei Monggol Telephone Conference on Economic Work Held (Nei Monggol Regional Service, 30 Nov 85)	44
Briefs	
Yunnan Commercial Work	46
Hainan Inspection Leadership Group	46
Anhui Governor Meets Inventor	46

ECONOMIC PLANNING

Lu Dong on Need for More Technology Imports (XINHUA, 24 Nov 85)	47
PRC Seeks To Master Imported Technology (Beijing Domestic Service, 25 Nov 85)	48
Technical Transformation of Enterprises Stressed (Huang Fengchu, Ge Daxing; XINHUA Domestic Service, 25 Nov 85)	49
Guizhou Meeting Discusses 1986 Economic Tasks (Guizhou Provincial Service, 28 Nov 85)	50

PRC Minister Discusses Developing Iron, Steel Industry (Chen Guanfeng; CHINA DAILY, 23 Nov 85)	52
Xue Muqiao on Guangzhou Development Strategy (Chen Jietai, Li Judian; Guangdong Provincial Service, 27 Nov 85)	54
Standardization Work Improving Product Quality (XINHUA, 25 Nov 85)	56
Preparations for PRC's Three Gorges Projects Continue (ZHONGGUO XINWEN SHE, 21 Nov 85)	57
Start of New Dam on Chang Jiang Nears (Zi Qian; JINGJI BAODAO, Nos 38-39, 1 Oct 85)	59
Briefs Guangzhou's Development Strategies	63

ECONOMIC MANAGEMENT

Vice Commerce Minister on Business Education (Chen Yun; XINHUA Domestic Service, 24 Nov 85)	64
PRC To Expand Product Licensing System (Chen Guanfeng; CHINA DAILY, 28 Nov 85)	66
Conference Calls for Stricter Control on Construction Investment (Jing Jun; CHINA DAILY, 25 Nov 85)	68
Conclusion of Nanning Meeting of PRC Plant Managers (Guangxi Regional Service, 24 Nov 85)	69
Briefs Indiscriminate License Issuing Curbed	70

INDUSTRY

Zhao Ziyang Attends Baoshan Opening Ceremony (XINHUA, 26 Nov 85)	71
Further on Zhao's Activities at Boashan Opening (Zhou Yongkang; XINHUA Domestic Service, 26 Nov 85)	73
Baoshan Complex Production Steadily Rising (XINHUA, 22 Nov 85)	74
Ji Guobiao Speaks at Man-Made Fiber Conference (XINHUA, 21 Nov 85)	76
PRC Minister on Aviation Industry Accomplishments (XINHUA, 22 Nov 85)	78

Great Strides Made in Mechanizing Coal Industry (XINHUA, 2 Dec 85)	79
Shaanxi To Build Motor Vehicle Production Base (Shaanxi Provincial Service, 24 Nov 85)	80
Shanghai Shipbuilding Exports Show Increase (TA KUNG PAO, 21 Nov 85)	81
Briefs	
Shanghai Freighter Launching	83
Shanghai Industrial Output	83
Shanghai Bulk Carrier Launching	83

CONSTRUCTION

Defense Ministry Team Helps Installations (Beijing Domestic Service, 29 Nov 85)	84
Qinghai Develops Television During Sixth 5-Year Plan Period (Qinghai Provincial Service, 27 Nov 85)	85
Guangzhou Development District Factories Ready by June 86 (Paul Sham; HONG KONG SOUTH CHINA MORNING POST, 22 Nov 85)	86
Hainan Makes Progress in Port Construction (Guangdong Provincial Service, 25 Nov 85)	88
Briefs	
New Anhui Coal Mine	89
Tianjin Port Widened	89
Hubei Truck Plant	89
Steel Complex Delayed Again	90

FOREIGN TRADE AND INVESTMENT

PRC To Check Quality of Imported Electronic Products (ZHONGGUO XINWEN SHE, 19 Nov 85)	91
FRG Lufthansa To Invest in PRC Aviation Service Center (HANDELSBLATT, 15 Oct 85)	92
Austrian Bank To Finance PRC Hydroelectric Power Plants (HANDELSBLATT, 6-7 Sep 85)	94
Tianjin Mayor Speaks on Foreign Trade Work (Tianjin City Service, 19 Nov 85)	95

TRANSPORTATION

PRC To Limit Motor Vehicle Owned by Peasants (XINHUA, 30 Nov 85)	97
---	----

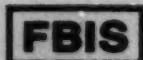
Ministry Reports Electrified Railroad Increase (XINHUA, 1 Dec 85)	98
Measures Against Train Ticket Scalping in Beijing (Pan Shantang, Zhang Jinsheng; XINHUA Domestic Service, 28 Nov 85)	99
Three Northwest Railway Trunk Lines Upgraded (Hou Jiayin, Zhu Jianping; XINHUA Domestic Service, 29 Nov 85)	100
Fujian Governor Urges Better Railway Work Style (FUJIAN RIBAO, 20 Oct 85)	101
Wan Li Urges Domestic Use of Chinese-Made Planes (XINHUA, 22 Nov 85)	102
Leaders Stress Development of Domestic Aircraft (XINHUA, 1 Dec 85)	103
Hong Kong Paper on Development of PRC Civil Aviation (Diane Stormont; SOUTH CHINA MORNING POST, 26 Nov 85)	104
Expansion of Qinhuangdao Port (Zhou Jisheng; JINGJI RIBAO, Nos 38-39, 1 Oct 85)	110
Briefs	
Japanese Trucks Accepted	112
International Railway Transport Expanded	112
South China Sea Voyage	112
Container Shipping Service Expanded	113
China Plans To Modernize Navigation	113
Railway Station Increases Capability	113
Railway Sections in Shaanxi	114
Shanghai Traffic Safety Meeting	114
Four-Berth Harbor	114

JPRS-CEA-86-007

21 January 1986

China Report

ECONOMIC AFFAIRS



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

21 January 1986

CHINA REPORT ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Minister Urges Combining Military, Civilian Production (RENMIN RIBAO, 16 Sep 85).....	1
Promoting Private Business Long-Term CPC Policy (XINHUA, 21 Dec 85).....	3
Inter-Regional Economic Cooperation Flourishes (XINHUA, 26 Dec 85).....	5

PROVINCIAL AFFAIRS

Engineer Urges Better Urban Planning To Suit Reform (Qin Zhijie; HEILONGJIANG RIBAO, 26 Aug 85).....	7
---	---

ECONOMIC DEVELOPMENT ZONES

Eastern Provinces Cooperate To Boost Productivity (XINHUA, 21 Dec 85).....	10
Hebei Governor Discusses Qinhuangdao Development Strategy (Zhang Shugang; HEBEI RIBAO, 18 Nov 85).....	12
Progress in Tianjin Economic Development Zone Reported (Xiao Kuo; RENMIN RIBAO, 9 Nov 85).....	20

ECONOMIC PLANNING

Beijing To Put Major Investment in Infrastructure Improvement (Wu Jingshu; CHINA DAILY, 25 Dec 85).....	22
--	----

Experts Explain GNP Use in China (TA KUNG PAO, 22 Sep 85).....	24
ECONOMIC MANAGEMENT	
Balance Relationship Changes in Chinese Economy (JINGJI DAOBAO, 16 Sep 85).....	26
New Promotion Rules for Shaanxi State-Owned Enterprises (Zheng Zhanchao; SHAANXI RIBAO, 9 Aug 85).....	30
Social Scientists Say Tianjin Needs Services (XINHUA, 14 Dec 85).....	31
FINANCE AND BANKING	
Joint Circular on Further Control of Bank Credit Funds (ZHONGGUO JINRONG, No 8, 4 Aug 85).....	33
Bank of China Shenzhen Seeks Foreign Depositors (TA KUNG PAO, 22 Sep 85).....	36
INDUSTRY	
Emergence of Wuhai as New Industrial City (TA KUNG PAO, 8 Oct 85).....	37
Liaoning's Engineering Industry Flourishing (Jiao Li; NINGXIA RIBAO, 30 Sep 85).....	39
Rural Industry Growth Tops State, Collective Ones (XINHUA, 20 Dec 85).....	41
Foreign Technology Bears Fruit in Nei Monggol (Li Xingsan; NEIMENGGU RIBAO, 14 Sep 85).....	42
New Monggol Chemical Industry Output, Quality Improving (Mei Hongcai; NEIMENGGU RIBAO, 20 Sep 85).....	44
Hydroelectric Exploitation on Hongshui He (Zhang Rong; JINGJI DAOBAO, No 38-39, 1 Oct 85).....	46
Fundamental Change in China's Steel-Smelting Technology (Cheng Zhi; JINGJI DAOBAO, No 38-39, 1 Oct 85).....	51
Baoshan Steel Mill Enters Second Construction Stage (MING PAO, 8 Oct 85).....	54
Heilongjiang Compact, Sub-Compact Auto Industry Trends Reviewed (Li Dexi; HEILONGJIANG RIBAO, 6 Oct 85).....	55

National Automotive Production Conference Opens (XINHUA, 21 Dec 85).....	58
PRC Joint Venture To Manufacture Airships (Zhang Chuxiong; CHINA DAILY, 19 Dec 85).....	59
RENMIN RIBAO on Industrial Streamlining (XINHUA, 21 Dec 85).....	60
Briefs	
Motor Vehicle Output Increases	62
Ultralight Plane Test Flight	62
CONSTRUCTION	
Many Households Get New Houses in Zhejiang (ZHEJIANG RIBAO, 1 Oct 85).....	63
Briefs	
Consultants To Approve Capital Construction	64
Housing for Elderly	64
Beihai Coastal City Projects	64
Deep-Water Berths To Be Commissioned	65
DOMESTIC TRADE	
Business Information Exchange Launched (XINHUA, 25 Dec 85).....	66
Northeast Expands Economic Cooperation (XINHUA, 6 Dec 85).....	67
Increased Goods Circulation Boosts Retail Sales (XINHUA, 18 Dec 85).....	69
FOREIGN TRADE AND INVESTMENT	
Creation of Open Foreign Exchange Control System (Shen Hong, et al.; FUJIAN LUNTAN, No 9, 5 Sep 85).....	71
3d 'Marintec China' Exhibition Attracts Many Foreigners (Diane Sotrmont; SOUTH CHINA MORNING POST, 5 Dec 85).....	77
Dynamic Attitude Needed To Gain Larger Japanese Market (Meng Jixin; GUOJI SHANGBAO, 26 Sep 85).....	79
More Fujian Contracts With Foreign Investors (XINHUA, 26 Dec 85).....	81
Increased Foreign Investment in Fujian Reported (Zhou Junxiang, Weng Xinhui; GUOJI SHANGBAO, 17 Oct 85)....	82

Chemical Industry Foreign Trade Volume Soars (XINHUA, 21 Dec 85).....	84
Improved Quarantine Facilitates Foreign Trade (XINHUA, 26 Dec 85).....	85
Focus on Patents and Proprietary Technology Imports Urged (Wang Zhaoxiong; RENMIN RIBAO, 31 Oct 85).....	86
Liaoning Imports of Technology, Equipment During 6th FYP (Liaoning Provincial Service, 15 Dec 85).....	88
Editorial Explores Technology Importation Problems (TIANJIN RIBAO, 18 Oct 85).....	89
State Council Circular Plans Car Import Restriction (XINHUA, 19 Dec 85).....	91
Measures Suggested for Tightening Export Control (Dai Wenjun; GUOJI SHANGBAO, 21 Oct 85).....	92
Excessive Charges, Low Efficiency in Handling Exports (Jin Yue; GUOJI SHANGBAO, 21 Oct 85).....	94
Sichuan Exports Mark Big Increase Over 1984 (XINHUA, 26 Dec 85).....	96
Techimport Department Seeks Foreign Outlet for Technology (Xie Songxin; CHINA DAILY, 23 Dec 85).....	97
Electrical Appliance Exports New Revenue Earner (XINHUA, 26 Dec 85).....	98
Planned Measures To Raise Electrical Machinery Exports (Xie Songxin; CHINA DAILY, 20 Dec 85).....	99
Chairman of Corn Exports Coordination Association Interviewed (Zhū Jinchang Interview; GUOJI SHANGBAO, 17 Oct. 85).....	100
Bright Prospects for Export of Wood Products (Xie Hairen; GUOJI SHANGBAO, 26 Sep 85).....	102
Intel of U.S. Involved in PRC Modernization (XINHUA, 5 Dec 85).....	104
Success of China's Joint Ventures Overseas Reported (Dai Xiaoxia; GUOJI SHANGBAO, 17 Dec 85).....	105
Briefs	
Loan to Ningxia	106
Shoddy Imports	106

Joint Ventures	107
Tourist Company Forges Ties	107
Jiangsu Expands Investment Zone	108
Foreign Fund Utilization	108
Phone Company Begins Production	108
Jiangsu Overfulfills Export Target	108
Shandong Cotton Exports	109

LABOR AND WAGES

Job Placement in Guangdong Will Reach 1.7 Million (NANFANG RIBAO, 27 Sep 85).....	110
Child Labor Problem in Rural Enterprises Merits Attention (Lu Shaoqing; ZHUANYEHU JINGYING BAO, 21 Sep 85).....	112

TRANSPORTATION

Steps for Improving Transportation Outlined (ZHONGGUO JIAOTONG BAO, 31 Aug 85).....	113
Tentative Plans, by Zhang Jinhua Southern Fujian Triangle	113 114
Future Highway Construction in Shandong Discussed (Zhao Weiwu; ZHONGGUO JIAOTONG BAO, 4 Sep 85).....	116
Causes, Solutions for Highway Accidents Outlined (Liu Zhangshi; ZHONGGUO JIAOTONG BAO, 11 Sep 85).....	118
Proposals Raised To Reduce Beijing Traffic Strain (XINHUA, 20 Dec 85).....	121
Reducing Ship Congestion in Ports (Li Changqing; ZHONGGUO JIAOTONG BAO, 7 Sep 85).....	123
Tianjin Port Expansion Planned Over Next 5 Years (XINHUA, 20 Dec 85).....	124
Steps To Improve Wuhan Railways Outlined (Song Guoqiang, Liu Zhijun; HUBEI RIBAO, 6 Sep 85).....	125
PRC Airplane Meets International Standards (XINHUA, 24 Dec 85).....	127
Briefs	
Airship Development Company	128

CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

USSR Border Trade Analyzed (Song Kui; GUOJI MAOYI WENTI, No 3, May-Jun 85).....	129
--	-----

HONG KONG

Hong Kong's Economic Superiority in Hands-Off Policy (Li Hongchang; GANG AO JINGJI, No 6, 25 Jun 85).....	137
--	-----

NATIONAL POLICY AND ISSUES

MINISTER URGES COMBINING MILITARY, CIVILIAN PRODUCTION

Beijing RENMIN RIBAO in Chinese 16 Sep 85 p 2

[Article: "Zou Jiahua Points Out After Investigation on Ordnance Industry Enterprises: Ordnance Industry Should Further Execute the Principle of Combining Military and Civilian Production"]

[Text] "The Ordnance industry system must further comprehensively carry out the principle of combining military and civilian production, and all ordnance enterprises must engage in civilian production without exception and develop horizontal economic integration, invigorate weaponry production, and support the revitalization of local economies," stressed Minister of Ordnance Industry, Zou Jiahua [6760 1367 5478], in his speech at the ministry's recent cadre conference.

Last August, Zou Jiahua conducted investigations and research on ordnance industry enterprises throughout the provinces of Heilongjiang and Jilin and consulted the leading comrades of provincial and municipal ordnance departments on how to still better combine military and civilian production and expand civilian production. His investigations made these findings: many ordnance enterprises, while guaranteeing war production, achieved notable progress in developing civilian production, but this development is quite unbalanced. Some ordnance enterprises do not have sufficient understanding of civilian production. They undertake it halfheartedly, or regard civilian products as "sideline" and fail to take them seriously. They do not have regular backbone civilian products themselves and when military production drops sharply they have to stop production altogether and are thrown into passivity.

With regard to these problems Zou Jiahua pointed out emphatically: The law of the development of the ordnance industry calls for enterprises to engage in civilian production and to implement the integration of military and civilian production. The combination of military and civilian production is not expedience, but a long-term strategic principle for the ordnance industry. All departments and enterprises within the ordnance industry system, from grassroots to the very top, should make great efforts to comprehensively carry out the principle of combining military and civilian production and develop civilian production as soon as possible. He advanced three concrete demands:

1. All ordnance enterprises should conscientiously carry out the principle of combining military and civilian production and develop civilian products without exception. No ordnance enterprises are allowed to seek any excuses to avoid engaging in civilian production. Each ordnance enterprise should engage

in one main industry, go in for "diversified economy," produce its own basic civilian products, combining military and civilian production and use civilian production to support ordnance production.

2. Regard the development of civilian production as a long-term task and stick to it year in and year out. No one is allowed to use any excuse to neglect it. Continuously enrich, perfect, and improve the quality of civilian products according to market demand, so that more products will enter the international market. Enable every ordnance enterprise to possess considerable production capacity for civilian products and several well-received, fine-quality civilian products, so that even if ordnance production is stopped the enterprise will still bear no losses and continue to exist, develop and make contributions to the country.

3. Further eliminate barriers between departments and industries and eradicate the usual practice of forming systemwide and vertical chains; form economic associations with local industries according to the principle of being economical and rational to make products that sell well in the market. In forming economic associations with local industries, ordnance enterprises should be practical and realistic, and in joint production should be willing to not only play the "pioneer," the "dragon's head," but also the "dragon's tail," that is, to play a supporting role, in order to benefit the revitalization of local economies.

12974/12913
CSO: 4006/39

NATIONAL POLICY AND ISSUES

PROMOTING PRIVATE BUSINESS LONG-TERM CPC POLICY

OW211529 Beijing XINHUA in English 1451 GMT 21 Dec 85

[Text] Hangzhou , December 21 (XINHUA)--There are about 11.22 million private business households in China, involving about 16.69 million people, an official said here today.

In addition, 2.5 million people have organized 230,000 cooperative businesses, according to Wang Zhongming, an official of the State Administration for Industry and Commerce, who was here attending a meeting to found the National Federation of Private Businesses.

Most of the private business households are engaged in the service trades. Many of them serve as a bridge between urban and rural areas by bringing industrial goods to the peasants and farm products to city dwellers.

In the wake of the development of this sector, many traditional handicrafts and native products have resumed production.

Clean restaurants, neat guest houses, and shops run by private businessmen are appearing in all the cities of China, even in remote regions.

There are now 36.06 million private shops or street pedlars, 1.13 million private snack bars and 1.47 million private repair centers throughout the country.

"Private businesses are benefitting both individual specialized households themselves and the construction of the whole national economy," Wang said.

In fact, he said, they are an important supplement to the national economy, which is based on public ownership.

"Promoting the urban and rural private economy is a long-term policy of the Chinese Communist Party and government," said Wang. "It is playing an important and irreplaceable role in developing social production and promoting employment."

By the middle of this year, federations of private businesses had been set up in 90 percent of the country's cities and counties.

Private businesses were regarded as the "bourgeois tail" to be cut off during the "Cultural Revolution" (1966-76).

There were 140,000 private business people in 1978 when government policy began to relax to permit their existence. Since then, more than 920,000 urban unemployed and over 13 million surplus rural laborers have been absorbed into various kinds of private business.

/9599

CSO: 4020/143

NATIONAL POLICY AND ISSUES

INTER-REGIONAL ECONOMIC COOPERATION FLOURISHES

OW261042 Beijing XINHUA in English 0845 GMT 26 Dec 85

["Round-Up: Inter-Regional Economic and Technical Cooperation Flourishes in China"--XINHUA headline]

[Text] Beijing, December 26 (XINHUA correspondent Wang Zezhen)--Inter-regional economic and technical cooperation has developed in a comprehensive, organized and planned way throughout China, knocking down barriers between regions and departments characteristic of China's economic activities in the past.

This marks a major change in Chinese economic activities over the past five years and has injected renewed vigor and vitality into the economy as a whole.

Reports from all parts of China show that cooperative schemes numbered 35,000 in the first ten months of this year, involving six billion yuan of investment.

Inter-regional cooperation, a policy adopted by the Chinese Government during the current economic reform, will help regions and enterprises display their advantages, make better use of their human, material and other resources, promote technical progress and streamline the industrial structure.

Inter-regional economic activities are particularly flourishing in those areas closely linked by geographical and historical conditions. For example, with 32 inter-provincial highways, Liaoning, Jilin, and Heilongjiang Provinces in northeast China regularly supply each other with coal, coke, cement, steel, aluminum, timber, glass, and other materials.

Cities have started to group themselves for economic purposes in Liaoning Province, with the provincial capital Shenyang as a center, and along the Yangtze River, the longest waterway in China.

Urban-rural economic ties have brought in technical forces and funds to the rural areas, while urban enterprises have expanded production, with work sites and laborers provided by the countryside.

Technical items rose to 60 percent among the cooperative projects, compared with 40 percent last year. Technical cooperation includes transfer of research findings, services for technological transformation and integration of research with production.

While stressing mutual benefits in the cooperation, the Chinese Government encourages aid to backward regions. Tianjin and Shanghai cities, and seven provinces have built 43 major projects in the Tibet Autonomous Region. Shanghai, Beijing, and Jiangsu Province have also helped Yunnan, Shaanxi, and Jiangxi Provinces and the Guangxi Zhuang Autonomous Region with funds, technical force, and equipment.

Turning the defense industry to civil production is another major trend this year. The defense industry transferred 20,000 technological projects to civilian industry in the first half of this year. At present, 40 percent of the defense industry products are civilian goods.

At a national meeting held here Tuesday, State Councillor Zhang Jingfu stressed the importance of inter-regional economic cooperation, especially cooperation in the technological field and urged various localities to carry out such activities on a wider scale in the coming year which ushers in the country's Seventh Five-Year Plan.

He said that each region has its advantages and disadvantages, so inter-regional cooperation will help them achieve the best results through displaying their advantages and making up for deficiencies.

But cooperation must be based on equality and mutual benefit, according to Zhang.

/9599

CSO: 4020/142

PROVINCIAL AFFAIRS

ENGINEER URGES BETTER URBAN PLANNING TO SUIT REFORM

Harbin HEILONGJIANG RIBAO in Chinese 26 Aug 85 p 2

[Article by Heilongjiang Provincial Construction Commission Senior Engineer Qin Zhijie [4440 1807 2638]: "Do a Good Job of City Planning To Suit the Needs of Reform"]

[Text] In the recent document "Suggestions Concerning the Reform of Examination and Approval System of Urban Capital Construction Projects," which was drawn up by the provincial economic system reform committee and provincial construction commission and transmitted by the provincial government's general affairs office, the suggestion to "make a good job of urban construction planning" was put forward. This suggestion is of great importance.

Since the 3d Plenum of the 11th CPC Central Committee, urban planning in Heilongjiang has gained a relatively rapid recovery and development, and formulation and examination of urban construction plans for approval are unfolding throughout the province. So far the 16 cities that have been granted jurisdiction as municipalities have all completed the formulation and technical evaluation of their overall plans. Except for the provincial capital, Harbin, whose overall plan is pending for approval by the State Council, the other 15 cities' overall plans have all been approved by the provincial government. Among the 63 county seats that have been granted jurisdiction as townships, 53 have completed the formulation and technical evaluation of their overall plans and their plans have been examined and approved. In their overall urban plans, these cities in general determined, in accordance with the requirements of urban planning formulation, the nature and scope of the urban development, functional zoning in land utilization as well as the overall distribution of various construction projects. Some cities also formulated detailed plans, on the basis of their overall plans, which made concrete arrangements for construction projects in the areas where entire street blocks or streets are being built and rebuilt in the near future, providing a basis for urban construction and management. Meanwhile, governments of these cities and counties, in order to coordinate with the implementation of the urban plans, are gradually perfecting and formulating methods of urban planning management, which has initially changed the previous situation, in which every unit undertook construction in its own way in a disorderly way. This demonstrates that our province's urban planning and management has started on the right track.

We should also see, however, that because urban planning is a comprehensive job involving wide and complex branches of learning, such as politics, economics, technology, art and other fields, plus the fact that the status and role of urban planning in socialist construction is still not fully understood by people, many problems still exist in many aspects, such as the working system of organizations, setting up of organizations, giving play to comprehensive function as well as technical force, and we need to make further efforts to tackle them. And especially on the subject of how to suit the needs of current urban economic reform and still better serve the prospering of urban economy and improving the standard of living of the urban people in urban planning, we still need to deepen our understanding, make efforts to explore and continuously sum up experiences in the concrete practice of our work.

The volume of our province's construction task is very large and most of capital construction investment is concentrated in the cities. Various kinds of contradictions are very prominent, largely because urban planning and management cannot meet the needs of the development of urban construction. Besides studying and solving the question of how to exercise centralized and unified leadership in urban planning and management, amplifying organizations, simplifying examination and approval formalities, reforming the examination and approval system and shortening the construction cycle, we need to do a good job of the following tasks at present:

1. Formulate a detailed plan according to the approved overall urban plan. Large and medium cities should also formulate urban plans by district. Although most cities in our province have completed the formulation of overall plans, the task of urban planning is still far from being completed. On the one hand, some of the already formulated overall plans still need to be supplemented, revised and amplified according to actual changes; on the other hand, according to our country's current formulation methods, urban planning is divided into two phases: the overall plan and the detailed plan. The overall plan is mainly to solve strategic and directional questions in the distribution of urban development with the emphasis on the macrocosm while only the detailed plan can make concrete arrangements for various urban construction projects. For instance, in constructing a street, or a residential area, or the downtown area or a square, only detailed plans can give concrete guidance. Large and medium cities, because of the size of their city proper, also need to have plans for each district on the basis of the overall plan, so that a comprehensive arrangement can be made of various projects in the district plans. In addition, it is required that the designing of some large buildings be accompanied by the designing of their surrounding environment. This is a long-term, highly technical and comprehensive task. Therefore, the designing force of urban planning must be strengthened and staffed with technical personnel in related special fields. Besides making proper transfers in the construction system and adopting the method of planned competition to mobilize forces of all sides, we must also train new force in a planned way in order to suit the needs of development of our cause.

2. Urban planning departments should put forward regional plans for the distribution of city and town development to coordinate with the national and provincial territory planning, which is arranged in a unified way. In accordance with the needs of the development of urban and rural economy, proceeding from the needs of overall and regional economy and in line with the government's urban development principles and technical and economic policies, we should make rational distribution of large, medium and small cities and towns, further make clear the nature, division of work and development scope of city and town development, give full play to the status and role of central cities of all levels, organize city and town systems and city and town groups and promote coordinated development of the cities and the countryside. The city and town distribution plan should be combined with the exploitation and utilization of resources and key projects' choice of sites to properly handle the relationship between cities and industries. In the overall plan formulated by our province, the nature, scope and developing direction of cities are determined, but with cities as regional centers, we still need to give it more consideration in view of the strategic distribution of regional economic development in the territory plan to avoid mistakes in overall decisionmaking.

3. Perfect and draw up regulations concerning urban planning management and gradually change the situation in which urban planning management basically relies on "rule by man." At present, in urban construction and management, the phenomenon of "no laws to go by" and "rules being ignored" is still very serious, and this situation does not fit the goal of building modern socialist cities. In the past, imperfection of the legal system was the major reason that contributed to "rule by man." Therefore, drawing up and perfecting regulations concerning urban planning is essential. Last year, Regulations Concerning Urban Planning, the first basic law in the field of urban planning, was proclaimed by the State Council, and urban planning and management now has legal guarantee. Based on this law, local governments should, in accordance with local circumstances, draw up implementation measures, and formulate detailed rules with regard to the management of real estate, construction regulations, public utilities, municipal engineering, environment and afforestation and technical records, so that there are laws to go by and various urban management can be well performed.

4. Conduct urban science research and explore laws of urban development to guide the practice of urban construction. We should give play to the combined force of theoreticians and practioners in related fields, unfold multisubject, multilayer urban science research, push forward the development of theoretical research of socialist urban science to provide a theoretical basis for solving practical problems, and further raise our theoretical level and professional skill in constructing socialist modern cities.

12974/12913
CSO: 4006/39

ECONOMIC DEVELOPMENT ZONES

EASTERN PROVINCES COOPERATE TO BOOST PRODUCTIVITY

OW211044 Beijing XINHUA in English 0741 GMT 21 Dec 85

[Text] Shanghai, December 21 (XINHUA)--Nearly 3,000 factories and offices on the prosperous Yangtze River Delta have forged co-operative links among themselves to boost efficiency and profits, a local economic chief told XINHUA.

Their output value has soared by 2.7 billion yuan and profits have increased by 300 million yuan over the past year through their more efficient use of materials, technology and workers.

Since the delta was designated a special economic area 3 years ago, enterprises within 26 business sectors have begun to co-ordinate their planning and to supply each other with technology, business information, materials and funds.

These sectors include chemicals, light industry, textiles, machine building, metallurgy, transport and communications, banking, statistics and tourism, said Zhou Guangchun, deputy director of the State Council's Shanghai Planning Office for the area.

With Shanghai at the center, the economic area embraces Anhui, Jiangsu, Zhejiang and Jiangxi provinces.

Since December, 1982, efforts have been made to restructure industry and break down local barriers which had hindered co-ordinated growth, said Zhou.

Provincial governors and Shanghai's mayor meet regularly to discuss economic planning and co-operation within the area. Economic fairs are held to exchange technology and business information.

Bicycle factories in the area have joined forces to produce the popular "Yongjiu" (everlasting) and "Phoenix" brands. Several factories manufacture separate bicycle parts.

As a result, an extra million bicycles are expected to be produced this year without any additional state investment.

The ports of Ningbo, Nantong and Zhangjiagang have handled 3,590,000 tons of cargo diverted from Shanghai over the past 2 years--easing congestion at China's busiest port.

And the four provinces and Shanghai are also co-operating on cleaning Taihu lake and harnessing it for industrial purposes, building power stations to ease the area's electricity shortage and renovating the textile and electronic industries.

/8918

CSO: 4020/148

ECONOMIC DEVELOPMENT ZONES

HEBEI GOVERNOR DISCUSSES QINHUANGDAO DEVELOPMENT STRATEGY

SK060400 Shijiazhuang HEBEI RIBAO in Chinese 18 Nov 85 pp 1, 2

[Article by Zhang Shugang, deputy secretary of Hebei Provincial CPC Committee and provincial governor, carried in HEBEI XUEKAN [HEBEI JOURNAL] to be published soon: "Speed Up the Pace of Economic and Technological Development of Qinhuangdao City"]

[Text] Qinhuangdao City is one of the 14 coastal port cities that our country opened to the outside world, and is a window of our province for foreign economic and technological development. Speeding up the pace of Qinhuangdao's economic and technological development has an important strategic significance in promoting investment from abroad and lateral ties at home, facilitating reform, and revitalizing Hebei's economy.

In order to develop and build Qinhuangdao, we should comprehensively analyze and understand the history, present situation, and superiorities of Qinhuangdao City, and its important position in the province.

Located north of Bohai Bay, Qinhuangdao City is the only port city of our province. Governed by the prefecture, it had weak economic strength and poor technical forces, and witnessed slow progress for a long time. During the past 2 years, following reform and opening to the outside world, the city came under the jurisdiction of the province instead of prefecture, areas under its leadership were expanded from four districts to four counties and three districts and its population increased from 300,000 to 2.3 million thanks to the enforcement of the system of making cities lead the surrounding counties, and then it was designated by the central authorities as one of the 14 open cities of the country. However, we lag far behind this changed, objective new situation in terms of our economic and technical forces, and of our understanding, work, and organizations. We should proceed from this reality in studying ways to develop and build Qinhuangdao.

As one of the 14 cities that were opened to the outside world, Qinhuangdao is urged by objective demands to play its role as a link in introducing foreign investment and establishing lateral ties at home, and display its role in making the economy in the eastern region radiate in two directions, and its role as a window of knowledge, technology, management, and foreign policies. In other words, it not only serves as an area for experimentation, exploration

and study of our province's foreign economic and technological development but also has a tremendous appeal to the north, northwest, and northwest areas of China. We can see from this the important position of Qinhuangdao in our province. Over the past year and more, Qinhuangdao has done much work in reform and opening to the outside world, formulated an overall plan for urban construction, carried out some infrastructure and projects for the development zone, and imported some advanced technologies and construction projects. Great achievements have been scored in this, and our work has shown new improvement. However, because we have poor conditions and few experiences, and have yet to build a contingent of work personnel, our work is actually only at the beginning with ways still to explore. We still lag far behind the demand for playing the role as a link, a difuser, and a window. This fully shows the importance, necessity, and urgency of the acceleration of Qinhuangdao's economic and technological development. With more than 1 year of practice, we have accumulated some experiences, and are provided with favorable conditions for expediting the development and construction pace.

With the opening of Qinhuangdao City to the outside world, tourism has developed very rapidly. During this year's tourist peak period, more than 170,000 tourists visited daily, and the total number of tourists during the summer vacation period reached nearly 6 million, showing an increased of nearly 100 percent respectively over the last year. At present, tourist spots and basic facilities are far from meeting the demands. The problems of a shortage in dining areas, accommodations, traffic and tourist facilities, and commercial centers for tourists have become more prominent. This is another new situation which lies ahead of use. As a summer tourist spot, Qinhuangdao has the characteristics of concentrated tourists at a certain period and this has set a higher demand on our tourist work. It needs to develop more new tourist spots and to increase some service facilities correspondingly.

To develop and build Qinhuangdao, we should understand its favorable conditions and characteristics, grasp the major points and develop them according to priority. The geological position and historical conditions of Qinhuangdao, with Luda to the east, Tianjin to the west, and Jiaodong Peninsula to the south, have given rise to the favorable and unfavorable conditions of this city. Although the economic strength, exports of traditional product and the basic facilities of this city lack far behind Tianjin and Dalian, yet it still has many favorable conditions: First, it has a great potential for port development and its economic status is becoming more important. The Qinhuangdao port project is one of the state key construction projects during the "Sixth 5-Year" Plan period. It is also, at present, one of China's largest port for energy exports as well as the hub of sea-land joint transport for exporting coal from Shanxi and petroleum from Daqing. The port handling capacity of this city will double along with the completion and operation of the second-stage oil wharf project, the second-and third-stage coal wharf project, the container wharf, the wharf specially used for delivering mineral ores, and the wharf for sundry goods, and with the successive opening of the multiple tracking and electrification of the Beijing-Qinhuangdao railway and the realignment part of the Datong-Qinhuangdao railway. The development of ports and sea transport will surely expand the scope of raw material supplies for industrial production and the markets for the sales of products, enable Qinhuangdao City

to make economic contacts with other coastal regions, and promote material exchange between Qinhuangdao City and foreign countries.

Second, it has rich tourist resources and is a good summer resort with good prospects for development. It has many historical tourist places centering on Shanhai Pass, including Laolingtou which is the starting point of the Great Wall, Mengjiangnu Temple, and Yansai lake which the people call the "small Guilin of the northern region." It has the Beidaihe seacoast mixed with beautiful nature scenes and artificial buildings. In addition, it has a 90 li-long "golden seacoast" with water, sand, and forest all in beautiful harmony.

Third, it has established glass industrial production setups with international competitive capability. Qinhuangdao City has a glass production technical force of 19,000 persons and 25 glass and glass production supporting enterprises. It is near the raw material base needed for glass production with convenient traffic facilities. At present, this city has more than 70 varieties of glass products and its plate glass is being marketed in more than 50 countries. What is more important is that this city has the largest glass research and design institute in China and that it has a fairly strong scientific research capacity and a capability of absorbing and digesting imported technology and of blazing new trails.

Fourth, it has an objective foundation for developing lateral economic relations with Tangshan City and for establishing the economic zone in the eastern part of Hebei Province. Before 1983, Qinhuangdao City, including the 3 counties under its jurisdiction and the 10 counties under the jurisdiction of Tangshan City, were all under the leadership of Tangshan Prefecture. Objectively, these political, economic, and geological conditions have helped Qinhuangdao City form long-term internal economic relations and form an economic zone in the eastern part of Hebei Province centering on Tangshan City. After eastern Hebei was established as a corn production base, such economic internal relations became even closer. The eastern Hebei economic zone with Qinhuangdao as its door, the eastern part of Hebei as its hinterland, and Tangshan City as its supporter will possess tremendous comprehensive economic superiorities.

In summarizing what I mentioned above, we have gone through a course of practice and understanding and repeating it, improvement, and enhancement in our understanding of Qinhuangdao. When going through this course, we certainly paid the prices, either big or small, including some shortcomings and mistakes that occurred. Now when we are studying ways to develop and construct Qinhuangdao, we should unify our ideas and understanding, strengthen leadership, and concentrate efforts on the economic and technological development and construction of Qinhuangdao and the foreign economic and technological development of the entire province as a whole, and take them into consideration.

II

After we have understood the present situation, the superiorities and the position of Qinhuangdao City, we should proceed from reality to decide on the strategic measures, specific policies, and specific development projects for accelerating Qinhuangdao's economic and technological development. We should

make the best possible use of our favorable conditions, develop our three great advantages in harbor, tourism, and glass making, and achieve breakthroughs in these key areas. In this way, Qinhuangdao City will have its distinctive economic pattern among the open cities of the country, and will be able to enhance its ability to diffuse its economy toward the world and the hinterland.

In developing the harbor, in addition to the state's key investment, Qinhuangdao should adhere to the principle of combining the development of the city with that of the harbor, and adopt the method of mutual development, mutual benefit, and equal sharing of interests. First, it should take into consideration the plans for harbor development when it formulates the plans for the city development, decide on its short-term development projects and long-term development projects, and combine them. On the basis of the situation on Qinhuangdao's seacoast and land territory, it may cooperate with Liaoning in the future and gradually develop eastward to form a port area covering more than 100 li to reach Zhimiao Bay in the east and the economic development zone in the west, and to link Shanhai Pass and Qinhuangdao Harbor in the middle. Second, it should fully use its present advantage of large cargo handling capacity to increase service projects and, in particular, expand its cargo storage areas and develop on-the-spot processing. In addition, it may embark on, either in co-operation with the port office or independently, such business as sorting out cargo for shipment, transshipment, fuel and material supplies, and development of roads in the harbor area, and open various service projects such as shops, restaurants, and hotels. Third, following the continuous expansion of the decision-making power of the harbor, we may set aside an area within the harbor on the basis of the state plan for the development of the Qinhuangdao Harbor and the arrangements for the city construction, and absorb funds from various quarters to build wharves, special-purpose warehouses for containers and bulk cargo, and plants there. Fourth, taking advantage of the favorable condition of Qinhuangdao Harbor as a corn export harbor, we should restructure our province's farming on a fairly large scale. Eastern Hebei is famous for its corn production. Tangshan and Qinhuangdao should take the lead in establishing a joint economic zone which coordinates scientific research, breeding, planting, purchasing, storage, packing, transport and export, and develop both lateral and vertical economic cooperation in order to further expand the scale of the base for corn export.

Development of the advantage in tourism should be emphasized. Qinhuangdao is fairly close to such large and medium-sized cities as Beijing, Tianjin, and Tangshan. It will receive both domestic and foreign tourists. In developing tourism, we should pool together the efforts of the state, the collective, and the individual and base ourselves on the available resources. Foreign and domestic efforts should be combined with the former as the main, and facilities for high, medium, and low consumption should be built with those for medium and low consumption as the emphasis. At present the major work is to solve the difficulties of tourists in finding places to eat, live, sightsee and shop, and in finding transport facilities, to expand the city's capacity to accommodate tourists, and to gradually improve the functions that a tourist city should possess.

First, we should develop the existing resources in several steps. In the first step, we should include Qinhuangdao in the Beijing tourist cooperative zone including Chengde, Dongling, and Xiling with the focus on Beijing. In the second step, we should develop Nandaihe seashore in Funing County and the "golden seacoast" in Changli County. In the third step, we should develop Li County extending from Haibinpu river estuary to Luanhe estuary and to Wang beach in Leting County. In this way, the harbor area and the tourist areas will surround Bo Hai and will merge together to form the outline of a 300-li seacoast belt-shaped city extending from Zhimao Bay to Shanhai Pass, Qinhuangdao Harbor, Beidaihe, "the golden seacoast" and the Wang Beach, which will greatly attract domestic and foreign tourists. Second, traffic facilities in the tourist areas should be coordinated with that of the whole city, so that traffic lines in the city outskirts will extend in all directions, linking up with the highway trunk lines and the airport. The city's traffic lines should not be hindered and should be linked up with railway stations and wharves in order for tourists to easily go in and out of the city, go sightseeing, visit, and do shopping. Third, we should set up tourist service facilities for various degrees of consumption, and should improve tourist operation, management, and service quality. In addition to building some high-class hotels and restaurants with funds financed jointly by domestic and foreign traders or exclusively by foreign traders, and to absorbing advanced technological and managerial experiences, we should carry out multichannelled and multisided cooperation with all localities throughout the country and attract more countries and collective units to build permanent facilities in the city. Furthermore, we should encourage and support the individuals to operate family-based inns and restaurants. Meanwhile, we should adopt preferential measures to absorb domestic and foreign capital, technology, and equipment to develop modern service undertakings to enable Qinhuangdao City gradually become one of the tourist, information, scientific and technological, and cultural exchange centers in the northern region of China, and play a supplementary role in Capital Beijing, Hebei provincial capital Shijiazhuang, and Tianjin Municipality. Fourth, we should vigorously develop the production of tourist products. First of all, we should develop the production of farm and sideline products, especially foodstuffs of local flavor. Second, we should develop handicraft articles, gifts, and durable consumer goods of local and native distinctions for tourists for them to take to their local areas. To this end, we should strengthen internal cooperation especially with large cities such as Shanghai, Beijing, and Tianjin municipalities, and develop a group of light industrial enterprises and food processing industrial enterprises. In this way, we will develop our city and expand the utilization of technology and equipment of some fairly developed large cities. Both parties will be benefited.

In developing the glass industry, we should combine technological transformation with developmental production and use transformation to promote production. We should note the present large demand of glass and give full consideration to greeting the challenge of the world's new technological revolution. The use of glass will become more and more extensive. This calls on us to bring forth ideas, to pay attention to imports, to develop new technology and new techniques, and to vigorously carry out technological transformation. First, we should increase the quantity, quality, and the varieties of plate glass, and strive to export more and to create more foreign exchange. We should

exert special efforts to develop high-grade, precision, and highly sophisticated product and solve the problem of relying on imports domestically. Second, we should develop glass for industrial and technological use and should open up new international markets. Third, we should use our own favorable technological and equipment conditions to arm the province's medium-sized and small enterprises and to expand the production capacity of quality glass. Fourth, we should carry out large-scale and specialized cooperation with other enterprises, stress the establishment of raw material production bases for commodity production and supply good quality raw materials for various plants as well as for the whole trade in a unified manner.

Through foreign economic and technological development, Qinhuangdao City is bound to experience new changes in its economic position among the open coastal cities of the country, will become, in the near future, an open city that is primarily a center for transferring energy resources and tourist area with scenic spots, and will, in the long run, become an international port city functioning as a tourist site and health spa, and engaging mainly in glass industry and processing industry for export.

III

Developing Qinhuangdao City's economy and technology at a quicker pace is [a] new task, in which we lack experiences but which needs certain economic and technical strength support. Qinhuangdao City very evidently, cannot perform alone. Only the forces mobilized and organized throughout the province can prove effective. Therefore, this is a task not only for Qinhuangdao alone but also for the whole province. We should clarify the following issues in our guiding ideology.

First, we should definitely and firmly foster the idea of developing the three great advantages. The three advantages of harbor, tourism and glass industry have been formed through historical conditions. These are objective advantages. We should pay attention to these three key areas, and make breakthroughs in them so as to promote the work as a whole. We should focus on these three advantages when we make arrangements for the projects of development and construction. We should distinguish important and urgent projects from those which are not, and give prominence to key ones instead of embarking on projects in all fields and striving to score achievements in all areas. This principle should be applied first of all to the projects we import. Projects conducive to the development of these three advantages should be carried out vigorously. Those having nothing to do with the development of the three advantages should be postponed or not carried out at all, and those which cause serious pollution, consume large amounts of energy and are detrimental to the development of the advantages must never be conducted. In particular, we should not pollute the coastal resources and damage the marine resources of our projected coastal strip starting from Zhimiao Bay in the east and ending at the Luan He estuary in the west. This principle should next be applied to economic policies. Funds, technologies, equipment, and materials should be guaranteed on the priority basis for trades with advantages, including the technical transformation of microelectronic and other burgeoning industries. At the same time, preferential treatment in taxation and credit should also be given to them.

Second, we should definitely and firmly foster the idea of fighting a battle of annihilation with concentrated efforts. Qinhuangdao City is the bridgehead in our province's opening to the outside world. Its economic development directly serves the economic development of the whole province. For this reason, when we consider the province's "Seventh 5-Year" Plan, we should place Qinhuangdao City's opening to the outside world in an important position. All provincial departments, and all prefectures and cities are responsible for the economic and technological development of Qinhuangdao City. They should unify their plans, make overall arrangements, concentrate certain forces on the development of Qinhuangdao, and see to it that a project can yield returns whenever it is developed or constructed, and that development is carried out steadily in a down-to-earth manner. At present, close attention should be paid to the construction of such infrastructure as water and power supply, transportation and telecommunications facilities so that favorable conditions for the development can be created. In addition, we should pay attention to the several already imported key projects, and use them as models to train our contingents, enhance our ability, and accumulate experiences. We should also concentrate efforts to achieve some breakthroughs in some old enterprises' technical transformation projects which require short construction periods and yield quick results. We should educate cadres throughout the province to take the overall situation into account, suggest ways and means for Qinhuangdao's economic and technological development, and shoulder their responsibilities. Projects good for Qinhuangdao should be carried out in Qinhuangdao in a priority basis, and other localities should not contend for them. Projects conducive to Qinhuangdao City should be conducted by Qinhuangdao City. Once Qinhuangdao enhances its strength, its role in opening to the outside world will be fully played, and the economy of the whole province will be revitalized.

Third, we should definitely and firmly foster the idea of establishing lateral ties at home and introducing foreign investment, and of promoting foreign investment with domestic lateral ties. An open city must perform its function as a "window" to the country and the world, which is decided on by its economic strength. The scale of Qinhuangdao City itself is small, and it lacks funds and sufficient scientific and technical personnel. In order to gain the initiative in opening to the outside world, a conspicuous issue is to make itself more attractive for foreign investment. It should increase its strength in importing foreign investment with domestic lateral ties, further promote use of foreign investment, and coordinate foreign investment closely with domestic lateral ties, and coastal development with the development of the hinterland. Many prerequisites are needed for the import of capital from outside, in particular high technology capital. The most fundamental one is to have a "qualified" partner for cooperation or mutual reinforcement. We should create the "qualifications" ourselves. The only way out is domestic lateral ties, using the strong points of the hinterland to offset our weaknesses. In establishing lateral ties at home, we should act according to the economic law, and adhere to the principle of voluntary participation, mutual benefit exchange of equal values, and joint and coordinated development. There should be multifarious forms of ties, major and subsidiary projects when we make selections of projects, and an order of priority when we make arrangements for the projects. We should consider the economic pattern of Qinhuangdao and the entire eastern area of Hebei as a whole. In imports, priority should be given to the advanced

technology and equipment. Qinhuangdao should develop the products competitive on international markets, and export more and earn more foreign exchange so that it can lead the technical transformation of the whole province, and perform its function in technological progress.

Fourth, we should definitely and firmly foster the style of thinking of making less empty talk and doing more solid work. Judging from its original economic foundation and traditional foreign ties, Qinhuangdao City is not in a favorable position among the 14 coastal open cities. The work of opening to the outside world cannot be successful without a serious scientific approach and a solid workstyle. Therefore, the call for making less empty talk and doing more solid work should not be discussed or written down on paper alone, but should be implemented through our actions. We should complete several jobs in a down-to-earth manner. The first is to strengthen propaganda toward foreign countries to expand Qinhuangdao's influence on foreign countries. We should not only strengthen foreign investigations and relations but also invite overseas businessmen and foreign personages of economic circles to tour, visit, and inspect Qinhuangdao so as to expand cooperation. The second is to do a good job in the investigations of resources. Eastern Hebei is Qinhuangdao's direct hinterland with abundant resources for development. We should organize specialized forces to conduct an overall survey of the resources of the Yan Shan range, the eastern Hebei plain, and the coastal areas in the eastern part of Hebei, and select the industries with advantages and develop them on a priority basis so as to create new economic advantages for Qinhuangdao City. We should gradually change the present exports of low quality goods into exports of goods produced with the distinctive resources of eastern Hebei through precision and intensive processing so that we can increase our competitive edges on world market. The third is to conduct conscientious prestige feasibility study of the projects which we have already imported or are preparing to import, and those we have already developed or are preparing to develop, and solicit opinions from various quarters in an effort to make it accurate and perfect. We should rely on scientific and technical personnel, experts and scholars, and in particular the forces of various central and provincial responsible departments, and pool the wisdom and efforts of everyone to make our work successful. The fourth is to reform the economic managerial system in line with the new situation and new characteristics emerging after opening to the outside world. Establishment of organs should be geared to the endeavor of opening to the outside world. Companies under the provincial department of foreign economic relations and trade, which have fairly large volume of business in Qinhuangdao, should open their businesses with foreign countries in Qinhuangdao City as soon as possible. Qinhuangdao City should further straighten out their organs of foreign economic relations and trade. As long as we follow the CPC Central Committee's general guiding ideology and principles for opening to the outside world and restructuring the economy, and explore our ways of advance in a down-to-earth and step-by-step manner, a brand-new situation in Qinhuangdao City's economic and technological development will certainly emerge.

/8918

CSO: 4006/500

ECONOMIC DEVELOPMENT ZONES

PROGRESS IN TIANJIN ECONOMIC DEVELOPMENT ZONE REPORTED

Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 9 Nov 85 p 1

[Article by correspondent Xiao Kuo [5618 5441]: "Tianjin Economic Development Zone Begins Its Steady Development"]

[Text] The Tianjin economic and technical development zone, which has been in existence for only 10 months, is now beginning to make steady progress. Its imported items are mainly intended for industrial development and foreign exchange earning, and will play an important role in the transformation of Tianjin's old enterprises.

The building of the Tianjin development zone began in December last year with the State Council's approval. In accordance with the general and specific policies of the central authorities on opening to the outside world and by learning from the experiences of the earlier development zones as well as relying on the strong industrial foundation of Tianjin, this development zone has formed a contingent of cadres of whom 75 percent have received university or specialized college education and 50 percent are below the age of 35. In the past 10 months, its imports increased along with its development. By now, a rice mill with a floorspace of 30,000 square meters has been built in a 3-sq-km lot which served as a starting point. It has also negotiated with foreign traders on 137 projects, selected 31 key projects to be imported, and signed contracts for 18 of them, with probably, two or three of the plants formally going into operation at the end of this year.

Among the projects for which contracts have already been signed or will soon be signed, the Tianjin development zone has from the very beginning upheld the principle of undertaking mainly small and medium-size projects of high technical standards that are capable of yielding good economic results, maintaining their own foreign exchange balance, producing goods for foreign markets to earn foreign exchange, and speeding up investment returns. For example, the Jiatai Porcelain Products Co., Ltd, a joint venture formed with the Shihua Co. Ltd., of Hong Kong, will import advanced technology and equipment from Italy and use the porcelain clay of Jixian to produce enough high-grade

ceramic tiles for an area of 1.8 million square meters each year. Eighty percent of the products will be sold abroad and it is estimated that \$792 million can be earned in foreign exchange each year. By now, this development zone has signed contracts with the United States, Canada, France, the FRG, Denmark, Japan, Singapore, the Philippines and Hong Kong, totaling more than \$40 million in value, of which, 47 percent came from foreign sources. There are 10 projects selling 80 percent of their products on foreign markets.

In the use of foreign funds for development, the Tianjin development zone is particularly keen in the transformation of the local old enterprises and in developing the basic technologies, basic materials, basic elements and other key projects. In a joint project with Denmark for the production of high-grade and light-weight bicycles, it has imported the advanced technologies of welding, coating and electroplating. It has not only sold 90 percent of its products back to the European and U.S. markets, but also succeeded in producing the spare parts at home. It will raise China's bicycle industry to a higher standard.

The Tianjin development zone has also taken an important step in making use of the good facilities of Tianjin and Beijing in scientific research for bringing in foreign funds to set up integrated bodies of scientific research and production and to promote China's high technologies. For example, Tianjin Medical Academy and Nankai University have established connections with some relevant U.S. departments for developing the "mono-clone antibody" which will be a contribution to cancer research.

The development zone has also set up four sets of local statutes concerning foreigners, and these statutes have already been approved by the standing committee of the municipal people's congress for enforcement. In addition, it has invited professors Chen Linbo [7115 2651 2672] and Niu Manjiang [3662 3341 3068] of the United States and other noted specialists and scholars of the world to serve as honorary scientific, technological and economic advisers. Thus, the good investment environment in a former salt beach is now attracting increasing interest among foreign investors.

In early October, when the economic and technical development zones of the coastal open cities held a work symposium in Tianjin, the responsible persons of 11 zones and the departments concerned in the State Council inspected the Tianjin development zone. Gu Mu [6253 3668], member of the Standing Committee of the State Council, said that since Tianjin has been so careful in importing high technology projects capable of producing more products to be exported and earning more foreign exchange, it has made a good start and is taking the right path.

9411/12223
CSO: 4006/327

ECONOMIC PLANNING

BEIJING TO PUT MAJOR INVESTMENT IN INFRASTRUCTURE IMPROVEMENT

HK250412 Beijing CHINA DAILY in English 25 Dec 85 p 3

[Article by staff reporter Wu Jingshu]

[Text] Beijing is to invest more than one billion yuan (\$320 million) next year to improve the city's infrastructure, especially its road system, to ease the worsening traffic situation and protect the environment of the Chinese capital, Vice Mayor Han Boping told CHINA DAILY yesterday.

Most of the investment--about 800 million yuan (\$250 million)--will be spent on expanding the Third Ring Road skirting southern Beijing and clearing bottlenecks along the Second Ring Road, where daily traffic jams hold up thousands of vehicles and buses, he said.

Beijing residents have been complaining about the city's sluggish bus service since the cold weather set in. "But increasing the number of buses alone will not solve the problem, if the roads remain as congested as what they are," Han pointed out.

The city has been boosting its bus fleet by about 300 new vehicles each year, according to the city's bus company.

Another major project next year is the supply of natural gas to the city's northern districts, where most of the capital's universities are located. The system will cost about 200 million yuan, he said. The natural gas is supplied through a 200 kilometre pipeline from the Huabei Oilfield south of Beijing.

Also planned for next year are housing projects totaling 4.5 million square metres of floor space, aimed at boosting the per capita living area in urban Beijing to seven square metres within the Seventh Five-Year Plan, he said.

The city's original target was to let its urban residents have a per capita living area of nine square metres: "However, the annual increase of more than 100,000 in urban population and also the lack of adequate infrastructure and utilities make a faster housing development impractical," Han explained.

The city will also develop a new waterworks to bring more water from the Miyun and Huairou reservoirs east of Beijing into the urban water supply. Recent rains have added 1 billion cubic metres of water to Miyun Reservoir.

"However, our main concern is still how to conserve water by cutting down unnecessary consumption in the city," he added.

Shortage of funds has made it impossible for the capital to develop new underground rail routes--which cost as much as 70 million yuan (\$22 million) per kilometre--despite the increasing traffic load on its surface roads, Han said. However, the current subway service will be improved by connecting its old east-west line with the new semi-circular line, around northern Beijing which opened this year. This will be done within a few years, Han said.

While still facing some problems, Beijing has seen an all-round economic boom this year. Urban workers' average incomes jumped by 29.7 percent to 1,300 yuan (\$400) and its rural per capita income rose 12.9 percent to 750 yuan (\$230), Han said.

Agricultural output value increased 17.8 percent over last year to 4 billion yuan (\$1.25 billion). Grain production hit a record 2.2 million tons this year.

The city's industry registered a growth rate of 10.7 percent this year, while its output value is estimated at 30.8 billion yuan (\$9.6 billion), Han said.

/9599

CSO: 4020/142

ECONOMIC PLANNING

EXPERTS EXPLAIN GNP USE IN CHINA

Hong Kong TA KUNG PAO in Chinese 22 Sep 85 p 4

[Article: "State Statistical Bureau Experts Explain GNP-Related Questions; How Is It Calculated? How Can It Be Less Than Gross Industrial and Agricultural Output Value?"]

[Text] The "CPC Central Committee Proposal Regarding the Formulation of the Seventh 5-Year Plan for National Economic and Social Development (Draft)" points out that by the year 1990 China's gross industrial and agricultural output value will be 1.6 trillion yuan and her GNP will be 1.1 trillion yuan. Recently many readers wrote and called this news service asking what GNP is and why the figure is smaller than the gross industrial and agricultural output value. Toward this end our reporters interviewed experts from the State Statistical Bureau and asked them to answer questions of common concern to readers.

The experts say that GNP is a comprehensive index currently used by many countries that reflects national economic development. It encompasses both increased value in the five large material-producing sectors of agriculture, industry, construction, transport, posts and telecommunications, and commerce; as well as the net product plus fixed asset depreciation minus various costs to nonmaterial producers on these five material-producing sectors. It also includes the increased value for services; public utilities; finances; scientific research, cultural education and health services as well as state organizations, national defense and other nonmaterial producers. Although the scope of calculations for GNP is so large, why on the contrary is the figure smaller than that of the gross industrial and agricultural output value?

The experts explained that the gross industrial and agricultural output value reflects the gross value of industrial and agricultural goods produced in 1 year, which encompasses both raw materials and the transfer of value by the materialization of labor plus value newly created in that year. The figure is even lower if the transferred value portion is omitted and only the net value figure calculated. For example, in 1984 China's gross industrial and agricultural output value was 1.0797 trillion yuan, of which, energy, raw materials and other material consumption accounted for 598.2 billion yuan, or 55.4 percent, and net industrial and agricultural

output value for 44.6 percent. But the net national product of China's construction, transport, posts and telecommunications and commerce and the increased value of nonmaterial sectors was still rather low; the year's GNP was 664.3 billion yuan, only equal to 61.5 percent of the year's gross industrial and agricultural output value.

The experts say that the CPC Central Committee's present "Proposal Regarding the Seventh 5-Year Plan (Draft)" contends that starting from China's reality, in 1990 China's gross industrial and agricultural output value and GNP will reach 1.6 trillion yuan and 1.1 trillion yuan, respectively. According to this plan, during the Seventh 5-Year Plan GNP will sharply grow by 7 percent per year and certain nonmaterial producing tertiary sectors will develop even more rapidly. With regard to the situation in some developed countries, the growth of the nonmaterial producing tertiary sector is generally 40 to 50 percent or more of GNP. It is absolutely essential for China's economic construction and the people's livelihood to accelerate the development of these sectors and the entire tertiary sector.

Experts from the State Statistical Bureau said that while simultaneously continuing to use the comprehensive economic indices of gross industrial and agricultural output value and national income that were commonly employed in the past we will also use the GNP index. It is a useful indicator of overall national economic growth rates and levels, changes in state economic structure, and is useful for making international economic comparisons.

TA KUNG PAO announces that on 20 September, p 1, this paper printed news that "China's GNP will reach 1.6 trillion yuan in 1990." The figure should have read 1.1 trillion yuan. Page 1 also said, "In 1990 China's gross industrial and agricultural output value will be 1.1 trillion yuan." It should have read 1.6 trillion yuan.

12615/13167
CSO: 4006/43

ECONOMIC MANAGEMENT

BALANCE RELATIONSHIP CHANGES IN CHINESE ECONOMY

Hong Kong JINGJI DAOBAO [ECONOMIC REPORTER] in Chinese 16 Sep 85 p 26

[Article by the State Statistical Bureau: "Eight Big Changes in Major Balance Relationships in Chinese National Economy During Sixth 5-Year Plan"]

[Text] One important economic and social development characteristic of the Sixth 5-Year Plan is the rather large change in balance relationships that used to be severely unbalanced. The major balance relationships in the national economy are basically in harmony. Yet further study and solutions are necessary because improvements in balance relationships were small and others showed new imbalances during the latter part of the Sixth 5-Year Plan.

1. With reference to GNP, balance relationships between the three major industrial sectors initially improved. This was mainly seen in the primary and tertiary sectors where development was notably rapid, reversing the former trend of slow development.

In the short 4-year period from 1981 to 1984 the average growth rate of the primary and tertiary sectors was 11 percent and 11.5 percent, respectively. The primary and tertiary sectors rose proportionately while the secondary sector fell. Yet compared with international standards, China's tertiary industries are still quite backward. In China, the tertiary sectors only account for approximately 22 percent of the national product, not quite one-third. In many cities social services are commonly wanting: food, clothing, housing and transportation are lacking; circulation is impeded and information is ineffective because of an undeveloped tertiary sector.

2. Balance relationships between agriculture and light industry are relatively harmonized, altering the situation whereby they lagged behind heavy industry. Since the 3d Plenum of the 11th CPC Central Committee, rural areas implemented a series of reforms and agricultural production made record progress. At the same time prioritizing the development of consumer goods slowed down the growth rate of the policy to implement "six preferences" in light industry and to readjust heavy industry. A striking characteristic of economic development during the Sixth 5-Year Plan is that balance relationships between light and heavy industry are gradually becoming rational.

With reference to the gross industrial and agricultural output value, the agricultural proportion rose from 27.8 percent in 1978 to 34.8 percent in 1984. The industrial proportion, on the contrary, fell from 72.2 percent to 65.2 percent. Light and heavy industry are basically equal in terms of gross industrial output value.

3. There were improvements within the agricultural balance, but forestry, animal husbandry and the fisheries industries were relatively weak. After several years of readjustment the agricultural production structure is gradually changing concurrent with the rather rapid development of the growing industries. Forestry, animal husbandry, sideline products and the fisheries industries are developing quite quickly. Various areas pay attention to the development and utilization of mountainous areas, water bodies, shoals, grasslands and other land resources. The proportion of the growing industries within gross agricultural output value dropped from 76.7 percent in 1978 to 70.1 percent in 1984 while that of forestry, animal husbandry, sideline products and the fisheries industries rose but is still quite backward. In particular, the animal husbandry proportion is too low. Compared to foreign countries, in general the animal husbandry proportion of gross agricultural output value in economically rather advanced countries like the United States, West Germany and the Soviet Union is higher than 40 percent, but it is still less than 20 percent in China. In recent years the reforested area has increased quite a bit but indiscriminate hacking and felling is still quite serious and the forest-cover ratio is still quite low.

4. Light and heavy industry developed evenly and balance relationships were in harmony but the internal structure of light and heavy industry is insufficiently rational. During the Sixth 5-Year Plan, even though the development of light and heavy industry exhibited fluctuations every year except 1981, because of a shrinkage in the capital construction investment scale and further growth in heavy industry, the fluctuations were small. Considering the first half of 1985, light and heavy industry accounted for 50.1 percent and 49.9 percent of total gross industrial output value, respectively. A balance between the two is seldom seen.

Within the heavy industry sector, excavation was behind raw materials and raw materials were behind manufacturing. During the first 4 years of the Sixth 5-Year Plan the manufacturing industries' output value increased on an average of 10.4 percent but the excavation and raw materials industries only increased 3.9 percent and 5.8 percent, respectively, affecting harmonized growth within the heavy industries. Despite the fact that imported foreign steel increased from 5 million tons in 1980 to 13.31 million tons in 1984 it was still hard to satisfy demands. The excavation and raw materials proportions of heavy industry output value fell year after year while the manufacturing proportion rose each year.

In recent years there have been notable successes in light industry production. Nevertheless, the product mix is still unsuited to the swiftly changing consumer structure and market demands. Progress is slow on product transformation, improving quality and increasing the kinds and varieties of goods. The contradictions between surplus production of overstocked goods

and insufficient quantities of goods in short supply is still quite pronounced.

5. Energy resources, transportation and state economic development are even more unsuitable. During the Sixth 5-Year Plan, energy resources and transportation were among the state economy's key construction areas. In proportion that energy and transportation accounted for among all construction investment rose from 31.8 percent in 1980 to 36.9 percent in 1984. The energy production and passenger-cargo volume plans were fully met. The shortage of energy resources, and electrical power supplies and transport in particular, intensified each day because of the more rapid development of the entire state economy.

6. The balance of consumption and savings is basically in harmony but still insufficiently stable. In 1980, the savings rate was readjusted to 31.5 percent. The savings rate fell to 28.3 percent in 1981, the early Sixth 5-Year Plan period. In 1982 and 1983 savings and consumption were basically in harmony.

It is worth noting that in the latter part of the Sixth 5-Year Plan savings and consumption funds both grew very quickly. There was a "supra-allotment" of currency at the state revenue level, too much currency was circulated and there were new imbalances between the supply of goods and purchasing power. Preliminary statistics say that approximately 20 percent of all new state revenue growth in the past 1 or 2 years was due to price rises and nominal state revenue growth.

7. The gap enlarged between purchasing power for social goods and supplies of retail goods. In the first 3 years of the Sixth 5-Year Plan there was an initial improvement in the imbalance between the supply of retail goods and the purchasing power for social goods that was seen during the late Sixth 5-Year Plan period. There was a small gap in 1981 and 1983 but 1982 was basically balanced. But the overgrowth of social demands since 1984 caused another rather large imbalance between supplies and purchasing power, and particularly for state revenue "supra-allotments."

8. There were improvements in the relationship between scientific education and economic construction. One of China's key economic development strategies is to accelerate the development of scientific education. In the Sixth 5-Year Plan state fiscal expenditures on education and research increased each year and their proportion in terms of total fiscal expenditures continually grew. Scientific education costs rose from 8.3 percent of fiscal expenditures in 1980 to 10.7 percent in 1984. The proportion of capital construction investment for scientific research and education among all capital construction investment rose from 5.9 percent in 1980 to 7.5 percent in 1984.

In recent years, the scientific education outlay was even higher if we include social fund accumulations for education and scientific research. The

state's support for scientific education in fiscal, material and policy terms promoted scientific development.

In sum, during the Sixth 5-Year Plan the state economy's major balance relationships were basically in harmony; this is one important reason for rather rapid economic development in recent years and improvements in macro-economic results. During the Seventh 5-Year Plan we must continue to support the coordination of important balance relationships, overcome weak links in state economic development, earnestly solve new problems that arise and promote the continuous, stable and harmonized development of the entire economy.

12615/13167
CSO: 4006/43

ECONOMIC MANAGEMENT

NEW PROMOTION RULES FOR SHAANXI STATE-OWNED ENTERPRISES

Xi'an SHAANXI RIBAO in Chinese 9 Aug 85 p 1

[Report by Zheng Zhanchao [6774 2069 6389]: "Shaanxi Issues New Regulations for State-owned Enterprises To Exercise Promotion Authority"]

[Text] Recently the provincial economic commission, provincial labor and personnel department and provincial federation of trade unions jointly issued a circular concerning the question of exercising a 3-percent promotion authority by state-owned industrial enterprises, demanding that they formulate and strictly implement promotion qualifications when filling the promotion quotas. Promotion qualifications must be discussed and approved by enterprise professional councils before implementation. Promotion as a reward has no time limitation and whoever makes outstanding achievements and meets promotion requirements can be promoted at any time.

The circular stipulates promotion ratios, which include: the number of workers promoted must not be less than two-thirds of the total promotion quota each year; the number of factory-level leading cadres promoted normally must not exceed one-fifth of the leading body (factory director and associate director, party secretary and associate secretary, trade union president, general engineer, general financial director and general accountant). The circular also stipulates that promotion of workers and cadres at and below the middle level should be examined and approved by the factory director and promotion of factory-level cadres (including the associate director and three "generals") should be appraised and recommended by the professional council, and then examined and approved by the higher level departments in charge.

The circular asks local governments and departments concerned to conduct an overall examination of the exercising of 3-percent promotion authority by enterprises under their governing in the past 2 years. All promotion salaries for factory-level cadres (including their associates) that were not appraised and recommended by the professional council and approved by the higher level departments in charge should be suspended without exception. Factory-level cadres who have been promoted for more than two ranks (not including fluctuating promotions) in succession since the beginning of 1983 should be reexamined and approved. And those promotions which have been strongly criticized by the masses and are really irrational should be corrected.

12974/12913
CSO: 4006/39

ECONOMIC MANAGEMENT

SOCIAL SCIENTISTS SAY TIANJIN NEEDS SERVICES

OW140324 Beijing XINHUA in English 0240 GMT 14 Dec 85

[Text] Tianjin, December 14 (XINHUA)--Tianjin should greatly expand the service sector to free urban families from heavy household chores, according to local social scientists.

City people should have more time for recreation and study, said speakers at a seminar on lifestyles of Tianjin residents, which closed here last week.

The average worker now spends three hours a day on housework, mostly cooking, washing, shopping, and care of children, an official of the municipal statistics bureau said here. But the worker spends only half an hour each day on reading or educating children.

The bureau estimates that average income per person will rise to 960 yuan in 1992 from 800 yuan this year. Also, consumption patterns of the city's 3.7 million urban residents will change considerably. Families will be able to spend about 12 percent of their income on services and non-essential goods, up four percent from this year.

"The present commercial network is far from adequate," a social scientist said. Seminar delegates agreed that there should be more restaurants and child-care centers and that free markets should be widely distributed around the city to make life easier and chores more convenient.

They also called for stepped-up manufacture of ready-made clothing for people of all ages. Now about half of the garments are tailor-made or sewed at home.

Compared with 1985, Tianjin's average resident will eat about 27 kilograms of meat annually in 1992, up 30 percent. The number of eggs consumed will double to 20 kilograms, and fish and other seafood purchases will go up 60 percent to 14 kilograms.

The social scientists said that there should be a big growth in educational facilities. These should include vocational schools, on-the-job training, spare-time schools, and self-study.

Each Tianjin resident now spends only five yuan on stationery, newspapers, magazines, and tuition a year, the statistics bureau official said. This is 50 percent less than other large cities in China.

According to a survey last year on families with similar income, each member in families of intellectuals spent 11 yuan on education a year while that of workers' families was only 6.2 yuan.

/9599

CSO: 4020/142

FINANCE AND BANKING

JOINT CIRCULAR ON FURTHER CONTROL OF BANK CREDIT FUNDS

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 8, 4 Aug 85 pp 8,11

[Article: "Five Banks Issue Joint Circular on Further Control of Bank Credit Funds"]

[Text] Our correspondent reports: The People's Bank of China, the Industrial and Commercial Bank of China, the Agricultural Bank of China, the People's Construction Bank of China and the Bank of China recently issued a joint circular to their affiliated branch banks on further control of bank credit funds. The circular points out: In order to strictly control the scope of fixed capital credits and guarantee the monetary needs for purchasing farm and sideline products and products suitable for export within the state plan, credits to rural and small town enterprises must be strictly controlled. In accordance with the principle that while credits and loans should be controlled, there must be flexibility, and each case must be dealt with on its own merits without indiscrimination, the following regulations are proclaimed:

I. Strengthen the Control and Management of Fixed-Assets Credits

1. Strictly control fixed-assets credits according to plan.

2. Strengthen the examination of the feasibility of projects involving fixed-assets credits. Banks must conscientiously conduct feasibility examination of credit projects from both economic results and repaying capabilities. Credits should not be granted to those projects with poor economic results and without guaranteed repayments. Credits that have been granted to such projects must be cleared up and further credits must be stopped. As for capital construction projects arranged by the state in a unified way, if they are discovered not to meet credit requirements after examination by banks concerned, they should be reported to their headquarters to be studied and dealt with within a set time.

3. Strengthen the management of self-raised funds for capital construction. All self-raised funds for capital construction, including the five kinds of self-raised funds that the government's rules say are not included in capital construction scope, must be handled strictly in accordance with the regulations proclaimed by the State Council, i.e., they must be deposited in the Construction Bank under a special account one-half year in advance, and their withdrawal must be supervised. Other banks are not allowed to intercept

such funds or directly handle the deposit and withdrawal of self-raised funds for capital construction. The Construction Bank should set up and strictly control special accounts for self-raised funds and is not allowed to use the deposits of self-raised funds as credit funds for issuing credits out of the state plan.

4. Strengthen the management of trust credits and investment business. In view of the fact that quite a sum of this kind of credits is being used by fixed assets, all the specialized banks should stop handling new trust credits and investment business temporarily this year. As for continued construction of projects carried over from the previous year and projects that have been handled this year, their credits should be cleared up. All other trust credits for fixed-assets investment will be stopped without exception.

Different localities must strictly implement the regulations currently in effect with regard to bank credit funds and are not allowed to transfer bank deposits to other financial institutions so as to expand fixed-assets investments and credits. All nonbank financial institutions (including trust and investment corporations) in different localities must handle their financial business in accordance with the scope approved by the People's Bank of China and accept the management of local branch organizations of the People's Bank of China. To issue bonds and stocks, trust and investment corporations in different localities must apply to the People's Bank of China for approval.

5. Strictly control credits for rural and small town enterprise according to plan. Rural and small town enterprises should mainly rely on their own available funds. Only the Agricultural Bank is authorized to issue credits to rural and small town enterprises. And the amount must be restricted to what is allowed by the plan, and any amount beyond the plan must be retrieved within a set time. In issuing credits, each case must be dealt with on its own merits and, in principle, new projects will not get credits this year; as for those projects under construction, if they can be completed before the end of the year and show good economic results, they can be given preferential treatment in obtaining credits within the limit of approved bank credits.

II. Strengthen the Control and Management of Foreign Exchange Credits

1. Foreign exchange credits, foreign exchange investment and foreign exchange guarantees by the Bank of China and other specialized banks in 1985 must be restricted to the plan approved by the government. And without the approval of the government, these banks are not allowed to issue permits or utilize foreign exchange beyond plan. Without approval, local banks are not allowed to take loans from foreign countries. In handling Class A and B special foreign exchange credits, efforts must be made to balance the foreign exchange and the renminbi between the two types of loans, and speculation is not allowed. Foreign guarantees must be handled in accordance with examination and approval jurisdiction and regulations concerned must be strictly observed.

2. Strictly control the issuing of import permits and speed up collecting payments in export. The Bank of China should guarantee payment for those imports whose documents under the letter of credit are complete and correct,

and refuse to issue the letter of credit for those imports that violate regulations concerning import and have no guaranteed funds for payment. Efforts must be made to improve payment collecting in exports. Document preparation and examination should be improved to guarantee their quality and quantity, express mail and claim by telegram developed and the system of urging collection in export set up and perfected in order to guarantee timely collection of payment in exports.

3. Strengthen control over purchase of foreign exchange and renminbi credits.

III. Actively Support the Monetary Needs for Purchasing Farm and Sideline Products

In order that the farm schedule not be upset, at present the funds for purchasing summer grain, oils and other farm and sideline products within the state plan must be first of all guaranteed. Specialized banks should strengthen the transferring of funds within their systems and the People's Bank should strengthen the regulation of temporary credit funds. Meanwhile, banking services must be improved. Banks of all levels should adopt effective measures to actively organize deposits, collect expiring loans, strengthen the regulation of funds and guarantee customers' withdrawals.

In order to strengthen the control and management of the investment scope of fixed assets, consumption fund, bank credit fund and foreign exchange, banks of all levels should proceed from the country's overall interest, stick to principles, strive to do their jobs well and report in a timely manner to local party leadership and higher banks the problems they discover. Once a season, they should examine the local situation of fixed-assets investment and credits and loans and report to the higher authorities.

12974/12913
CSO: 4006/42

FINANCE AND BANKING

BANK OF CHINA SHENZHEN SEEKS FOREIGN DEPOSITERS

Hong Kong TA KUNG PAO in Chinese 22 Sep 85 p 4

[Article: "Target Is Overseas Chinese and Hong Kong and Macao Compatriots; Bank of China Shenzhen Branch Starts Overseas Foreign Exchange Savings Accounts; Foreign Exchange Interest Can Be Withdrawn and Remitted Abroad at Any Time"]

[Text] A few days ago the Bank of China Shenzhen Branch started foreign exchange savings services targeted at overseas Chinese and Hong Kong and Macao compatriots. Funds deposited can be withdrawn at any time and interest will be compounded in foreign exchange.

The Bank of China Shenzhen Branch's newly opened overseas foreign exchange savings business is in U.S. dollars, British pounds, West German marks, Japanese yen and Hong Kong dollars. With reference to deposit methods, customers can personally go to Shenzhen to handle savings procedures or they can give the Bank of China Shenzhen branch full powers to handle the procedures by mail. Customer savings deposited in Shenzhen can be remitted abroad, to the Hong Kong and Macao areas or withdrawn in foreign currency from Shenzhen at any time. Should the customer desire payment in RMB, the bank will issue overseas remittance certificates in accordance with regulations.

With reference to these savings accounts, Shenzhen will compound interest in foreign currency. The interest rate will mainly float on the basis of the international situation and Shenzhen's contemporary situation.

Si Biao [0674 1753], deputy general manager of the Bank of China Shenzhen Branch, said that this service was established in consideration of the requests of overseas Chinese and Hong Kong and Macao compatriots. Because this is a new business and for administrative reasons, depositors' inland withdrawals are currently restricted to the Shenzhen SEZ. Following future modernizations in banking administration and operations, there is a possibility that customer withdrawals may spread inland and to other cities.

12615/13167
CSO: 4006/43

INDUSTRY

EMERGENCE OF WUHAI AS NEW INDUSTRIAL CITY

Hong Kong TA KUNG PAO in Chinese 8 Oct 85 p 3

[Article: "Wuhai Emerges As New Industrial City in Nei Monggol"]

[Text] Wuhai, a burgeoning industrial city in China's northwest, is being developed into a new base for the production of energy, chemicals and construction materials.

Work has recently begun on the construction of a workshop at the chemicals plant in Wuhai capable of producing 40,000 tons of caustic soda annually. The sodium bicarbonate produced by the plant is much in demand by traders in such regions and countries as Hong Kong, Macao, Japan and the United States.

Situated in the western part of Nei Monggol, Wuhai, until 27 years ago a desolate expanse of sand, now has a population of 250,000. It has built 97 factories and mines employing 57,000 workers.

According to geological department analyses, there are 40 different mineral resources at the foot of the Helan and Zhuozi mountains within the boundaries of Wuhai. Among the minerals are coal reserves estimated at 4.2 billion tons in the 12 mining areas covering some 400 square km, consisting mostly of rich coal, rich coking coal, rich gas coal and primary coking coal which can be used as raw materials for the chemical industry, for generating motive power, and as mixed coking coal for the metallurgical industry. Annual production exceeds 6 million tons.

Wuhai's reserves of cement limestone, rock limestone, grey greenstone, marble and muscovite are also considerable. The Jilantai salt pond and the Eerduosi natural alkali lake located in the Wuhai vicinity are the sources of an endless supply of raw materials for the chemical industry.

The Xizhuozi Mountain Cement Plant produces 470,000 tons of high-quality cement annually. This modern cement plant, the largest in China's northwest, is in the process of importing foreign capital for the extension of its facilities.

In order to accelerate its pace of construction, Wuhai has, in the implementation of the open door policy, signed 47 agreements for economic cooperation with various localities in the nation and imported funds amounting to over 20 million yuan for renovations, the extension of the original enterprises, and the manufacturing of new products on a trial basis. At the same time, it has entered into discussions with various firms in foreign countries and Hong Kong to engage in joint ventures and compensation trade.

9621/12828

CSO: 4006/141

INDUSTRY

LIAONING'S ENGINEERING INDUSTRY FLOURISHING

Yinchuan NINGXIA RIBAO in Chinese 30 Sep 85 p 2

[Article by Jiao Li [3542 0448]: "Soaring in Reform: Liaoning Province's Engineering Industry Flourishes"]

[Text] Comrades, have you ever been to Liaoning? Here the engineering industry spreads all over the province. If you set off from Shenyang, the central city of the engineering industry, to make an investigation tour of the province, you will find out that in Liaoning, there are industries manufacturing medium and heavy trucks, ray instruments, photographic equipment, excavators, high-voltage electricity ceramics and petroleum extraction equipment. In southern Liaoning, there are manufacturers of heavy-duty mining equipment, forging equipment, industrial boilers and automation instrument; in northern Liaoning, there are manufacturers of large-diameter low-pressure valves, bridge cranes and equipment for the chemical industry; in western Liaoning, manufacturing of hoisting and transportation equipment, power machinery, automobiles and electric power capacitors is also quite large scale. The province's engineering industry is really completed in categories and lacks no link in the whole industrial chain.

The development of Liaoning's engineering industry once had vigorous support from all parts of the country. In 1949, the province's engineering industry's fixed assets were only 100 million yuan and gross industrial output value over 60 million yuan. During the period of the First 5-Year Plan, the state decided to build the province into a key industrial base and invested more than 380 million yuan to transform and build a group of large and medium-sized backbone enterprises including the Shenyang Pneumatic Tools Factory. Vigorous technological, material and personnel support from all parts of the country greatly raised the technological and equipment level of the province's engineering industry, which gradually developed into a rationally distributed and well-equipped industrial manufacturing system that holds an important position in the country's engineering industry. Now, the province produces 10 percent of the country's machine tools and industrial automation instruments, one-fifth of air compressors and one-third of rock drilling machines. The production capacity of Liaoning's electric transmission and transformation equipment industry, whose mainstay includes the Shenyang Electric Cable Factory, Shenyang Transformers Plant, Fushun Electric Ceramics Factory, Jinzhou Electric Power Capacitor Factory and Fuxin Sealed Bus Bar Factory, accounts for 40 percent of the country's total. In 1984, the fixed assets of Liaoning's engineering industry reached 4.26 billion yuan and annual gross industrial output value was 5.44 billion yuan, accounting for

one-tenth of the province's gross industrial output value and the country's engineering industry's gross output value, respectively, thus holding an important position in the country's engineering industry.

Economic reform revitalized Liaoning's engineering industry and began to change the enterprises from pure production type to production-management type. A group of large and medium-sized backbone enterprises reformed their management system, "untied" and gave more power to workshops and thus aroused the enthusiasm of cadres and workers and reaped enormous economic results. Some enterprises broke up the boundaries between departments and regions to develop horizontal contacts. More than 80 out of the 120 large and medium-sized enterprises throughout the province carried out various forms of multilayered economic integration and thus revitalized themselves and made their products develop toward high-grade, precision and advance technology. Products with 1970's and 1980's technological level produced by these enterprises have increased from 7.1 percent in 1978 to 22.7 percent, including such new products as automatic commutating cutting tool, computerized horizontal milling and boring machines produced by the Dalian Machine Tool Plant and the Shenyang China-Czechoslovakia Friendship Plant, and voice-activated computerized turners produced by the Shenyang No 3 Machine Tool Factory. The Shenyang Pump Factory in recent years brought out more than 50 new products, among which 32 reached advanced world levels. These examples demonstrate that the technological level of Liaoning's engineering industry has entered a new stage. With the deepening of the reform, Liaoning's engineering industry will surely soar higher.

12974/12245

CSO: 4006/187

INDUSTRY

RURAL INDUSTRY GROWTH TOPS STATE, COLLECTIVE ONES

OW201258 Beijing XINHUA in English 1151 GMT 20 Dec 85

[Text] Beijing, December 20 (XINHUA)--The growth rate of rural industry has outstripped that of state- and collectively-owned urban industries, wrote economist Xue Muqiao in BEIJING REVIEW released this week here.

The reason for the fast development of rural enterprises, Xue pointed out, is that many small rural factories are able to adjust and readjust their production according to market demands.

The small, village-run factories in the Wuxi area in Jiangsu for example, not only produce printed and dyed fabrics and do finishing but also make printing, dyeing and finishing equipment needed by other small factories.

Another important factor is that there are no restrictions, other than the market, on the prices of their products, the economist also noted.

In contrast, the state factories cannot maintain their consumption levels of coal, oil and electricity if they are required to pay negotiated prices since they cannot raise the prices of their products to offset the energy price rises.

Xue said the development of the rural collective economy on the basis of the previous commune- and production brigade-run enterprises is an ideal way to achieve common prosperity and solve some of the public welfare problems that could not be solved by individual households alone.

However, he also pointed out that it is important that rural factories continue to rely on market forces to guide their production. It is also important that the market not be flooded with products simply because they have proved to be popular.

The economist hopes that city and county authorities will draw up a plan for the balanced development of rural industry.

He called on the state-owned enterprises to help rural factories raise their technical level and improve the quality of their products.

/12766

CSO: 4020/147

INDUSTRY

FOREIGN TECHNOLOGY BEARS FRUIT IN NEI MONGGOL

Hohhot NEIMENGGU RIBAO in Chinese 14 Sep 85 p 1

[Article by Li Xingsan [2621 2502 0005]: "Utilize Superiority in Resources and Vigorously Develop and Construct: Nei Monggol's Light Industrial Projects with Foreign Technology and Equipment Start Operating Fast and Generate Large Amounts of Foreign Exchange"]

[Text] With the support and assistance from higher level departments concerned, Nei Monggol's light industries, proceeding from local resource strength and production conditions, actively initiated 91 projects involving advanced technology and equipment from 15 foreign countries including Japan, the FRG, England, Switzerland, Holland and the United States, as well as countries in East Europe and Oceania. Total investment for these projects exceeded \$60 million, of which more than \$25 million came from foreign investors.

This complex of technology and equipment brought in by Nei Monggol's light industrial system include cashmere processing, wool spinning, dairy processing, sugar refining, garmentmaking, foodstuff processing, papermaking, etc., involving more than 10 industries. Among them were over 40 production lines and a large quantity of key equipment. Because of concerted efforts and good coordination from both sides, most of these projects have been completed and put into operation. Both sides are quite satisfied with the short construction cycle, fast experiment and operation and marked economic results. The Yimeng Cashmere Sweater Factory, which was built through compensation trade with a Japanese firm, went into operation in 1981 with a production capacity of 500 tons of cashmere and 30,000 cashmere sweaters. Within a year and half, the total investment of 33.73 million yuan was recovered, and in 1984, the factory handed in profit tax totaling nearly 30 million yuan to the state. The project's construction speed and economic results both rank first nationally in the industry. The 4,800-spindle wool-spinning equipment (compensation trade) supplied by the Mian-feng [phonetic] Corp of England and a Hong Kong corporation increased the factory's production capability for worsted wool by 1.5 to 1.7 million m after it went into operation. The grain pelleting production line brought in from Japan for the Baotou Sugar Refinery went into operation in 1983 with an annual output volume of 7,000 tons and generates an annual foreign exchange income of \$1.4 million. The supply of the product still falls short of the demand. In addition, two new projects currently under construction, the Hohhot Lactic Acid Bacterium Fermenting Center (being built with Belgian assistance) and the production line

purchased from Sweden to process 2,000 tons of fresh milk annually, will add new varieties to Nei Monggol and the country's dairy products.

Nei Monggol is rich in resources and has great potential in light industrial production; the cashmere processing, dairy production, beet sugar refining, wool spinning, leather processing and other industries hold particularly important positions in the country and have broad prospects for development. In order to improve product quality, increase exports and generate more foreign exchange, relevant departments of the Autonomous Region recently announced another group of light industrial technology-transfer projects for foreign customers to bid on.

12974/12245

CSO: 4006/184

INDUSTRY

NEI MONGGOL CHEMICAL INDUSTRY OUTPUT, QUALITY IMPROVING

Hohhot NEIMENGGU RIBAO in Chinese 20 Sep 85 p 1

[Article by Mei Hongcai [5019 1347 2088]: "Output Value of Nei Monggol's Chemical Industry Doubles"]

[Text] During the past year, the Nei Monggol chemical industry persisted in making technological advancement its goal. The industry speeded up technological reform of enterprises, and by focusing on economic benefits increased its achievements in readjusting and restructuring. From 1980 to 1984, the chemical industry doubled its output value, reaching a level of over 300 million yuan. In 1984, the area's 77 state-owned independent accounting enterprises showed a net profit of more than 21.3 million yuan after profits and losses were balanced, and did away with their being labeled as enterprises that show losses year after year. This year it is estimated the output value will increase 5 percent to over 310 million yuan, and achieve a synchronized increase of output value and profit.

Nei Monggol has a weak chemical industry base and fairly backward technology. In 1980, its total output value was only 165 million yuan with the region's 80 state-owned independent accounting enterprises suffering losses of more than 7.87 million yuan. Under the guidance of the party's policy of "readjusting, restructuring, consolidating, and improving," the department responsible for work in the autonomous region's chemical industry resolutely "closed down and changed" enterprises that had incurred losses for a long period of time. After this, with technical advancement as their goal, the department relentlessly carried out technical reform of key enterprises, stressed product improvement, and emphasized development of new products. At the present time, technical reform has been completed or is in the process of being completed for 45 enterprises, over 30 kinds of new products have been developed and 42 other kinds are currently being developed, and 34 excellent products have been established. Two of these have received the State Silver Medal for Excellence, 5 have achieved the Ministry of Chemical Industry excellent product rating, and 27 have achieved the autonomous region's excellent product rating. Technical advancement has increased the enterprises capacity to handle contingencies, and the enterprises output volume has continually increased.

Currently, traveling workers and staff on the chemical industry front throughout the region have, under the inspiration of the Central Committee's

proposals for the national economy and the Seventh 5-Year Plan for socialist development, continued to stress technical reform of enterprises, and are determined to complete technical reform of the 45 enterprises ahead of schedule, while deriving more products and benefits from technical advancement. After these reforms are made, based upon Nei Monggol's nitrogen and lake resources, the production of the nationally-lacking mirabilite will reach 330,000 tons, an increase of more than 400 percent over 1984. Some of the region's chemical fertilizer plants will switch to producing the needed products, such as sodium carbonate, carbanide, and compound fertilizer. The chemical industry will use the oil from Nei Monggol's abundant castor beams to develop compensatory trade and import advanced equipment for producing fine chemical products.

12704/12379

CSO: 4006/160

INDUSTRY

HYDROELECTRIC EXPLOITATION ON HONGSHUI HE

Hong Kong JINGJI DAOBAO [ECONOMIC REPORTER] in Chinese No 38-39, 1 Oct 85 pp 38-39

[Article by Zhang Rong [1728 2837]: "The Enormous Hydroelectric Project on the Hongshui He"]

[Text] Originating in the Yunnan-Guizhou plateau the Hongshui He is an important trunk stream on the upper reaches of the Xi Jiang in the Zhu Jiang basin. Flowing across the middle of Guangxi Province with towering mountains on both sides, the river is the "rich ore" of China's hydroelectric resources. In recent years, China's Ministry of Water Resources and Electric Power, after consulting with provinces, cities and departments concerned, decided to build 11 stair hydropower stations between Lubu on the mouth of the Huangni He, which separates Yunnan from Guizhou, on the upper reaches of the Hongshui He and the Dateng Gorge on the Qian Jiang on the lower reaches of the Hongshui He. Total installed capacity of the project will reach 12 million kW and annual generation over 600 million kWh. At the same time the comprehensive utilization of flood control, navigation, irrigation and aquatic product will also be taken into consideration. After completion, the hydropower stations will not only change the situation in which southwest and south China suffer from insufficient power supply, but also transmit electricity to Guangzhou and Hong Kong by 500,000-volt hypertension lines and promote these regions' economic growth.

Superior Natural Conditions and Rich Hydraulic Resources

The Hongshui He, 1,050 km in length, has a total drainage area of 190,000 km², which is only one-third of the Huang He's drainage area. But its average annual flow capacity is as high as 130 billion cu m, three times that of the Chang Jiang. In actual survey, the river's flow capacity at flood peak reaches 45,700 cu m per second.

Because the Hongshui He flows through the transition area between the Yunnan-Guizhou plateau and South China hills and plains, there is a concentrated number of drops. There is a total drop of more than 750 m from the mouth of the Huangni He on the upper reaches, whose altitude is 780 m above sea level, to the site of the Dateng Gorge dam, which is 23.5 m above sea level. There is a surprisingly precipitous drop of 181 m on the stretch of the Nanpan Jiang between Tianshengqiao and the Nagong Jiang. Therefore, there exist extremely

rich hydraulic energy resources and superior condition for hydropower development.

Low Cost of Investment and Marked Economic Results

Many proposals to exploit the Hongshui He were put forward by departments concerned in the 1950's and 1960's, but were not carried out for various reasons. Since the beginning of the 1970's, extensive on-the-spot investigation, survey, analysis and research have been made and finally 11 spots including Luboge, Tianshengqiao Bapan (high dam), Tianshengqiao Basuo (low dam), Pingban, Longtan, Yantan, Dahua, Bailongtan, Etan, Qiaogong and the Dateng Gorge were selected as sites for building stair power stations. Total investment will amount to more than 12 billion yuan with an average investment per kilowatt of a little over 1,000 yuan, which is 700 yuan less than that of the Gezhouba project on the Chang Jiang.

The upper reaches of the Hongshui He are an alpine and gorge area and thus provide relatively good topographical and geological conditions. Departments concerned chose spots where there would be smaller losses due to submersion to build Luboge, Tianshengqiao, Longtan and other perennial regulating reservoirs in order to raise the power and multipurpose utilization benefits of the whole stretch of the river. The middle and lower reaches of the Hongshui He are of interspersed mostly limestone hills and plains, where population is dense, so low- and medium-head stair types are adopted to build large-flow-capacity riverbed stations. Because different stairs on the upper and lower reaches are closely linked and there is no loss of waterhead, the goal of making full use of hydro energy resources is attained.

Because of the reservoirs' fine regulating performance, high power generation benefit, high quality of electricity and superior economic indexes, investment per kWh averages only 0.20 yuan. The dams of the several main stair power stations on the river sit on shale rock and plastic rock strata. The regional geological structure is stable, earthquake intensity is low and general geological conditions are relatively good.

Calculating on the basis of all stair stations, submersion losses will be very small. On the average, for every 100 million kWh 272 mu of farmland will be submerged and 300 people relocated, accounting for only one-half of the current rate of China's large and medium-sized hydropower stations. These stations are close to load centers: generally from dozens to hundreds of kilometers and the furthest transmission distance, that between the Tianshengqiao Station and Guangzhou, is but 1,000 km, all within the rational transmission distance for 500,000-volt alternating and direct current transmission.

All in all, the Hongshui He stair hydropower stations' development conditions and technological and economic indexes are very superior and can rival the well-recognized hydropower "rich ore"--the hydropower base on the upper reaches of the Huang He. Their total installed capacity and investment are about the same, but the Hongshui He stations are nearer to the load areas and generate 20 percent more electricity and have even smaller submersion losses.

Improve Electricity Supply in Guangxi and Develop South China's Economy

Except for the Lubuge Station supplying Yunnan Province, all other stations on the Hongshui He will supply Guangdong and Guangxi and Guizhou. Guizhou Province has rich hydropower resources and coal resources, but Guangdong's hydropower resources have mostly been exploited, therefore the construction of the Hongshui He hydropower stations has become the key to the development of south China's economy.

Situated in the subtropical zone, Guangxi has moderate climate, rich resources and large deposits of nonferrous metals, but unfortunately has lacked energy investment over a long period of time. In the past 2 years, Hu Yaobang and Zhao Ziyang visited Guangxi and pointed out that the province should speed up economic development in order to reach the country's medium economic level by the end of the century, that is, to realize an annual output value of 110 billion yuan. Last year, however, the province's industrial and agricultural total output value was only 19.8 billion yuan and registered a mere 4.8 percent growth rate as compared to the national average of 14.2 percent. Departments concerned estimate that calculating on the basis of 2 yuan worth of output value for each of the over 60 billion kWh generated by the Hongshui He stair stations, if Guangxi uses 40 billion kWh, it will be able to reap an output value of 80 billion yuan. Hence it shows that the hydropower construction on the Hongshui He will determine the course of Guangxi's economic development.

Along the Xun Jiang, Xi Jiang and Bai Jiang in the lower reaches of the Hongshui He as well as the Zhu Jiang delta are densely populated areas with relatively developed economy. Such industry-concentrated cities as Guangzhou, Wuzhou and Foshan are in this area. But because of insufficient power supply, economic development is hindered in Guangdong Province. Guangzhou has to use part of Hong Kong's thermal power. Therefore, building hydropower stations on a large scale on the Hongshui He is a strategic measure to solve the energy issue in south China. It is learned that the construction of the 500,000-volt transmission lines between Nanning and Guangzhou has started with the help of Japanese investment and is expected to be completed and put into operation by the end of the year. Undoubtedly, the development of hydropower of the Hongshui He will not only compensate for the insufficient power supply in south China and promote economic development, but also satisfactorily solve the question of peak modulation and frequency modulations of the electric grids of Guizhou, Guangdong and Guangxi.

Meanwhile, because of the construction of regulating reservoirs on the upper reaches of the Hongshui He, plus various kinds of rational and effective flood-control facilities, floods on the lower reaches will be greatly reduced. For instance, the flow capacity at once-every-50-year flood peak in Wuzhou will be reduced from 48,500 cu m per second to 44,600 cu m per second, and the flood peak now seen once every 20 years on the Xi Jiang and Bei Jiang and the Zhu Jiang delta will be reduced to once every 50 years.

Originally, the Hongshui He is not navigable upstream beyond the confluence of the Nanpan Jiang and the Beipan Jiang. And 600-odd km downstream from the confluence the river's many shoals and rapids pose difficulties for

navigation. Although the 100-odd km stretch between Sanjiangkou and Guiping is suitable for navigation, during flood periods the gorges have to be closed and navigation suspended for short periods of time, which result in small volume of goods transported. With comprehensive development and local dredging, navigational condition will improve. Other aspects such as irrigation, aquatic production and tourism will also benefit greatly.

Speed Up Development Process and Bring in Technology and Investment

Last February, China's Minister of Water Resources and Electric Power, Qiang Zhengying, visited Guangxi, Yunnan and Guizhou and inspected Dahua, Yantan, Tianshengqiao Basuo and Lubuge, the four hydropower stations whose construction is underway, and asked that construction be speeded up.

So far two power stations at Dahua and Etan have basically been completed and put into operation. The Dahua station is situated on the border of Du'an County and Mashan County of Guangxi Province on the Hongshui He. Its installed capacity is now 400,000 kW, but upon the completion of other upstream stations, will be enlarged to 600,000 kW. From November of 1983 to the end of last year, three generating units went into operation and the fourth generating unit will go into operation this coming August. This is a large-scale riverbed-runoff hydropower station, currently the largest backbone power station in Guangxi. It can provide 2 billion kWh of low-cost electricity annually and play a significant role in the province's industrial and agricultural production and electric grid operation. The Eshuitan hydropower station situated in Xinxian County has a 60,000 kW generating unit in operation and has produced 1.2 billion kWh of electricity since 1981. Preparatory construction for the power stations at Lubuge and Tianshengqiao Basuo has been basically completed and dams can be built after this year's flood season. The stations will start production 3 to 4 years from now. Preparatory construction started at Yantan last year and it is likely that the station will go into operation 1 to 2 years ahead of schedule.

New methods, such as invitation of bidding for contracts and the investment responsibility system, introduced in the above-mentioned projects under construction have begun to produce marked benefit: they have not only shortened construction duration but have also reduced costs. It is estimated that after the international bidding for the water diversion tunnel of the Lubuge hydropower station and the domestic bidding for the left-bank diversion project of the Yanshuitan hydropower station, 30 to 40 percent of investment will be saved.

In the course of the Hongshui He hydropower development, some foreign investment and advanced technology were for the first time brought in, which made the project the first showcase for China's "open door policy" in the field of large-scale construction projects. A total of \$800 million worth of loans was brought in from the World Bank and the Japanese Government for the Lubuge and Tianshengqiao Basuo projects.

Called a treasure of treasures of the Hongshui He "rich ore," Longtan has 5 million kW worth of installed capacity and is the whole basin's "dragon head." On the other hand, the Dateng Gorge, a strategic geographic location, is a

multi-purpose, comprehensive-utilization project and will have marked comprehensive benefit after being developed. China's Ministry of Water Resources and Electric Power is busy with researching and consultation with the provinces and regions concerned in order to put forward feasibility proposals and start construction as soon as possible, so that the construction of the Hongshui He power supply base can be quickened to promote south China's economic development.

12974/12913

CSO: 4006/136

INDUSTRY

FUNDAMENTAL CHANGE IN CHINA'S STEEL-SMELTING TECHNOLOGY

Hong Kong JINGJI DAobao [ECONOMIC REPORTER] in Chinese No 38-39, 1 Oct 85 p 30

[Article by Cheng Zhi [2110 1807]: "China's Steelmaking Technology Undergoes Fundamental Changes"]

[Text] Not long ago, the Ministry of Metallurgical Industry convened the Second National Steelmaking Working Conference in Wuhan, Hubei Province. The conference summed up the productive and technological progress achieved in China's steelmaking industry over the past 2 years. Experts at the conference were of the opinion that the technological backwardness of China's steelmaking industry had been essentially changed. The main manifestations are as follows:

I. Marked Increase in Main Economic and Technological Indexes of Converter Smelting

As compared to the open-hearth process, the converter process has such advantages as higher production capability, higher productive efficiency, lower capital construction investment and easy conversion to automatic control. Increasing the output of steel produced through the converter process is one of the goals in achieving technological progress in China's steelmaking industry. In 1984, China's annual steel output through the oxygen converter process reached 21.57 million tons, registering a 40 percent increase over the previous year and making up for 49.8 percent of the total national output of that year. The goal put forward at the First National Steelmaking Working Conference to produce more than 20 million tons of steel through the converter process by 1985 was realized 1 year ahead of time.

Raw material consumption in the converter process has also been notably reduced. Raw material consumption was reduced from 1,148 kgs in 1982 to 1,137 kgs in 1984 for every ton of steel produced by the country's key steelmaking enterprises and from 1,191 kgs to 1,177 kgs in local steelmaking enterprises, and the national average raw material consumption decreased to 1,175 kgs. Among them the Capital Steel and Iron Corp and Hagzhou Steel and Iron Corp reduced their per ton steel raw material consumption to 1,099 kgs and 1,097 kgs, respectively, reaching the advanced world level.

Meanwhile, the quality of the country's key steelmaking enterprises' steel ingots through the converter process was raised. In 1984, 99 percent of the

ingots passed quality inspection and in the first quarter of 1985, 99.39 percent of them were up to standard.

Types of steel through the converter process increased. The new types include atomospheric-erosion-resistant steel, medium managanese railway steel, steel for petroleum and natural gas pipelines and Z-shaped steel for offshore drilling platforms, etc.

II. New Progress Has Been Made in Saving Energy and Increasing Output and Varieties as well as Raising Quality in the Open-Hearth Process

Over the past 2 years, while great efforts were made to vigorously develop the oxygen converter process, China's steelmaking enterprises actively carried out technological transformation of open-hearth furnaces, reducing energy consumption and raising quality. In 1984, China's heavy oil consumption for every ton of steel produced by the open-hearth process decreased by 21 kgs as compared to 1982. As much as 230,000 tons of heavy oil are saved annually due to this improvement alone. During the same period, China's key steelmaking enterprises saw an increase from 25.8 to 31.18 percent for fine-quality steel produced through the open-hearth process, from 63.27 to 71.96 percent for killed steel and from 97.9 to 98.84 percent for steel passing quality inspection.

At present, China's key steelmaking enterprises boast a total of 54 open-hearth furnaces. Last year, top-blown oxygen open-hearth furnaces produced 5,887,600 tons of steel, accounting for 50.6 percent of these enterprises' total steel output through the open-hearth process.

III. Develop Continuous Casting and Vigorously Improve Casting Molds

Developing continuous casting of steel billets is an important technical means to raise steel quality, and the proportion of continuous casting is also one of the important indicators of the technological level of a country's steelmaking industry. At present, 42 continuous casters with a total production capacity of 11.35 million tons have been put into operation in China. The proportion of continuous casting rose from 7.4 percent in 1982 to 10.6 percent in 1984, and the output of steel billets produced through continuous casting rose from 2.75 million tons to 4.6 million tons over the same period, an increase of 67.2 percent. The SEcond Steel-Smelting Plant under the Wuhan Steel and Iron Complex, one of China's key steelmaking enterprises, has aquired 100 percent continuous casting since the past March, becoming the first plant in the country to achieve complete continuous casting.

While vigorously developing continuous casting, China also gained notable progress in transforming molding technology. At present, the country's key steelmaking enterprises have realized the paplication of heat-insulating plates and sliding tapholes in making killed steel.

IV. Marked Achievements Have Been Made in Technological Exploitation and Popularization of New Technology

The top-and-bottom-blown converter process is a new technology in steelmaking that was not used anywhere in the world until the end of 1970. It is also a technology that brought marked achievements in China's exploitation of new steelmaking technology over the past 2 years. In 1983, only the Capital Iron and Steel Complex's experimental plant and the New Fushun Steel Plant's 6-ton converter had top-and-bottom-blown smelting, but now as many as 15 converter plants and 22 converters adopted this new technology. Last year, top-and-bottom-blown converters produced 3.27 million tons of steel, accounting for 24 percent of the total steel output by key steelmaking enterprises' oxygen converters.

In addition, 14 powder-spraying units for use in teeming ladles were built and put into operation in open-hearth steelmaking plants and converter plants. Three more are being built.

Another progress is that the technology of argon-blown teeming ladles, which helps raise the quality of smelted steel, has been popularized in key steelmaking enterprises. Last year, 8.11 million tons of smelted steel was processed through the argon-blowing method and 1.62 million tons through the nitrogen-blowing method, which, together totalling 9.73 million tons, was 170 percent of that of 1982, when 5.69 million tons of smelted steel was processed with such methods.

12974/12913
CSO: 4006/136

INDUSTRY

BAOSHAN STEEL MILL ENTERS SECOND CONSTRUCTION STAGE

Hong Kong MING PAO in Chinese 8 Oct 85 p 6

[Article: "Baoshan Steel Mill Invests 11 Billion Yuan As Second Construction Stage Begins"]

[Text] Following the completion of the first stage of construction and the start of production, the main factory of the Baoshan Steel Mill in Shanghai has entered into the second construction stage. Smooth progress is being made in pile driving for the building of the hot-rolling and cold-rolling mills, key projects in the second stage of construction work.

With the approval of the state, a total investment of 11 billion yuan has been made for Baoshan's second phase of construction. Among the 25 construction projects are a hot-rolling mill, a cold-rolling mill, continuous casting, the No 2 blast furnace, a sintering plant, and a coking plant. The entire construction work will be basically completed by 1990. The mill will be capable of producing annually 6.5 million tons of iron, 6.7 million tons of steel, 4.32 million tons of rolled steel and 1.22 million tons of billet for commercial use.

It has been learned that the hot-rolling mill, one of the 25 construction projects, will import equipment and technologies from the FRG. Upon completion, it will be capable of producing 20.50-mm hot-rolling plates (at present, the maximum width of hot-rolling steel plates produced in China measures 17.00 mm). The continuous casting plant and the cold-rolling plant will be jointly planned and constructed in cooperation with foreigners. Aside from the importation of certain equipment from abroad, the No 2 blast furnace, similar to the No 1 blast furnace in scale, will be designed and constructed primarily by China. The project, which is to begin in 1987, will be completed and put into operation in June 1991. Part of the equipment for the sintering and coking plants will be supplied by the concerned businesses domestically.

9621/12828
CSO: 4006/141

INDUSTRY

HEILONGJIANG COMPACT, SUB-COMPACT AUTO INDUSTRY TRENDS REVIEWED

Harbin HEILONGJIANG RIBAO in Chinese 6 Oct 85 p 1

[Article by Li Dexi [2621 1779 1585]: "Raise Quality, Reduce Prices and Strengthen Competitiveness: A Review of the Development of Heilongjiang's Compact and Sub-Compact Automobile Industry"]

[Text] With the readjustment and reform of our national economy, the eye-catching light and minicar industry of our province in the past 2 years developed rapidly. The state-owned Xingguang Machinery Plant in 1983 produced some 300 two-seat cars when it just started, but in 1984 turned out 3,000, and the output volume keeps rising this year--in the first 8 months the plant produced more cars than last year's total. The state-owned Weijian Machinery Plant turned out some 1,000 sub-compacts last year, but in the first 9 months of 1985, 2,900 came off the assembly line. The state-owned Dongan Machinery Plant, which has a good reputation in China, turned out 3,000 engines for sub-compacts last year, and this year it is expected that it will produce 7,000.

These products are being sold around the country and the enterprises' economic results increased markedly. The Xingguang Machinery Plant, which was in a depressing state a few years ago, saw immediate benefit since it grasped this competitive product according to the market needs, and made a profit of 11 million yuan in 1984. Weijian and Dong'an increased their profits 54 and 150 percent, respectively, in the first 9 months of this year.

The development of compact and sub-compact cars pushed Heilongjiang's automobile industry into a new realm and brought about the rise of automobile parts enterprises in all throughout of the province. According to incomplete statistics, 137 enterprises, big and small, are engaging in this industry. Among these were some enterprises which had been in financial difficulties but which, since they discovered the relatively stable processing industry, have quickly improved their situation; some vigorously created conditions for carrying out technological transformation in order to improve quality of parts, and thus strengthened their abilities to deal with unexpected change. People are delighted to witness the first step Heilongjiang's automobile industry has taken.

Experts are of the opinion that compacts and sub-compacts have good marketing prospects. These models constitute 75 to 80 percent of the total number of cars in England, the United States, France and Japan as well as other countries; but in China, they only account for 21.4 percent. Hence it is clear that the

development of compacts and sub-compacts is still in the ascendant in China. In recent years, some capable enterprises, especially ordnance enterprises, have made good efforts in producing these types of cars. In less than 3 years, compact and sub-compact factories popped up everywhere in 16 provinces, municipalities and autonomous regions. Among them four large and medium-sized cities have formed four large-scale compact car joint venture corporation, and 11 provinces and municipalities started mass producing sub-compacts in succession this year.

The fact that the compact and sub-compact industry started early in Heilongjiang and that output is multiplying can be considered as having followed this trend of development; but what cannot be neglected even the slightest is that competing rivals are rising in swarms, and under this circumstance, both enterprises producing main engines and enterprises producing auxiliary parts are facing fierce competition.

There are two kinds of attitudes concerning the competition. One is that the enterprise pressures itself to aim at advanced standards both at home and abroad, go all out to improve quality and standards and link its survival and development to quality and standards. The other is manifested by such symptoms as unclear understanding of current development trends, lacking quick access to information and being content with things as they are. Wherever there is market competition, the notion of survival of the fittest applies; the fittest survives, and it is only natural that the unfit be eliminated. For the future of the enterprise, the only choice it has is to keep the initiative in its own hands, plunge itself into competition and continue to open up new paths.

The following situation calls for deep thought: in the first 3 months, throughout the country sales of compacts and sub-compacts were constantly rising, but when output sharply rose in different parts of the country, the trend turned around. If development continues in this pattern, before long the market for these cars, which are now in short supply, is bound to change from a seller's to a buyer's market and thus fast selling and slow selling will coexist. Then, only those fine-quality, famous-brand cars will be in short supply.

One imperative at present is for entrepreneurs to take a look at the quality of their products. Will they endure for a long period of time? This is not to sensationalize; some customers are just crying out in alarm like this: neither the final product nor the innate quality of spare parts is completely satisfactory. It is learned that most of the 100-odd parts factories throughout the province so far still have not carried out their production in accordance with standards and each is doing things in its own way. This situation needs to be changed immediately. Departments in charge should unify standards as soon as possible. Enterprises that produce main engines should not be "benevolent" and sacrifice principles for the sake of business connections. Enterprises producing parts should examine their past and value their future. Manufacturing in a rough and slipshod way harms others as well as oneself and in the end will cheat oneself.

Reducing the current sale prices is also a question that concerns whether more customers can be won over in the competition and thus cannot be neglected. Only high-quality, low-price goods can attract customers. High-quality goods with

high prices unavoidably will scare potential customers away. Now there are widespread complaints about the overpricing of compact and sub-compact cars. The problem involves many complex factors, including the objective cause of increasing raw material prices. But what is more important is that immediate attention should be given to the loopholes in production management. Strictly speaking, the managerial standards of some enterprises, especially many parts enterprises, still lag far behind production development in recent years. One outstanding manifestation is that even when improvement was made in production technology, various sorts of consumption and costs never really came down accordingly.

Therefore, the question of pricing, in a sense, is a question of enterprise management. This requires us to consider it as a main direction of attack and make vigorous efforts to solve it.

12974/12245

CSO: 4006/184

INDUSTRY

NATIONAL AUTOMOTIVE PRODUCTION CONFERENCE OPENS

OW211450 Beijing XINHUA in English 1433 GMT 21 Dec 85

[Text] Beijing, December 21 (XINHUA)--By promoting extensive cooperation between automotive enterprises, China will try to greatly increase the output of motor vehicles from this year's figure of 400,000, thus bringing China-made motor vehicles into wider use in the country by 1990.

This was announced by Chen Zutao, general manager of the China Automotive Industry Corporation, at a national working conference on automotive production which opened here today.

He stressed that it is one of the corporation's main strategic policies in the coming 5 years to organize its subordinate automotive enterprises according to their different specialities. In this way, motor vehicle manufacturing and accessories plants will be able to cooperate to carry out specialized mass production, Chen said.

He said that these integrated complexes will be established with big motor vehicle manufacturers as the main bodies to produce advanced vehicles, develop new vehicle varieties and conduct technical reforms.

The general manager called for efforts to break up the barriers between regions and departments, and between military and civilian factories.

China now has some 3,000 motor vehicle manufacturers, refitting plants and parts and accessories plants.

Chen said that in the coming 5 years financial and material resources will be concentrated on the reconstruction and technical reform of the existing big manufacturers and plants.

/12766
CSO: 4020/147

INDUSTRY

PRC JOINT VENTURE TO MANUFACTURE AIRSHIPS

HK190626 Beijing CHINA DAILY in English 19 Dec 85 p 1

[Article by staff reporter Zhang Chuxiong]

[Text] Guangzhou--China is planning to commercially manufacture modern airships through the joint efforts of three technical development companies in Zhejiang, Jiangsu, and Guangdong provinces.

Hong Tunan, general manager of the Guangdong Popular Science and Industrial Development Corporation (GPSIDC) said yesterday his company was linking up with Zhejiang's Hangzhou Airship Comprehensive Development Company (HACDC) and Changzhou Huazhou Technical Development Company, to produce airships based on HACDC's technology. The company has manufactured China's first modern airship, the Hangzhou No 1. Two more dirigibles, one made in Hangzhou and one in Guangzhou, will be built by October next year for commercial sample purposes.

The Hangzhou No 1 airship, with four HS-350 motors and an olive-shaped balloon 16 metres long and 10 metres in diameter, was designed by Zhang Chuhong, now manager of HACDC.

Zhang told a press conference he had privately set up a chemical and physical research institute with the approval of Linnan County, Zhejiang Province, after retiring from the air force in 1979. He invested 1,000 yuan in the institute to produce a tea claimed to help smokers give up the habit, now sold on world markets in large quantities. Having earned over one million yuan through the business, he began to design the airship in March, 1983.

"When the airship was finished in May last year, I made the maiden flight with my son. Then my wife joined us for the next three flights," said Zhang. The trials proved the airship could fly at over 1,500 metres at a speed of 50 kilometres per hour and was able to carry one ton of cargo or 20 passengers. It can fly in force 6 wind.

Zhang said the three-company co-operation would help the development of larger models.

/12766
CSO: 4020/147

INDUSTRY

RENMIN RIBAO ON INDUSTRIAL STREAMLINING

OW210910 Beijing XINHUA in English 0854 GMT 21 Dec 85

[Text] Beijing, December 21 (XINHUA)--The streamlining of industrial enterprises, which began in 1982, has boosted output and improved economic efficiency, today's PEOPLE'S DAILY reported.

The country's industrial output value rose by 33.6 percent in the first 11 months of this year over the same period in 1982, the newspaper quoted State Economic Commission Vice-Minister Yuan Baohua as saying at a meeting on enterprise streamlining here on Friday.

Total profits made by industrial enterprises together with profits and taxes paid by them to the state increased by 18.5 percent during the period, said Yuan, who is also head of a national office in charge of enterprise streamlining.

He said 96 percent of the 50,000 state-owned enterprises listed in the streamlining program had passed state assessments by the end of last month.

Streamlining was also nearing completion in other state-owned and collective enterprises not covered by the program.

The Communist Party Central Committee and the State Council launched the program in 1982 in a bid to improve productivity in state-owned industrial enterprises.

The program involves the introduction of the initiative-based responsibility system, which links rewards with effort, a shake-up of management to make it more efficient and the tightening of work and financial discipline.

Large numbers of younger, better-educated officials and technical personnel had been promoted to executive posts during the streamlining, Yuan told the meeting.

A survey of 2,900 major enterprises showed that newly-promoted officials accounted for 90 percent of all executives, while 83 percent were under the age of 50 and 74 percent had a college education.

In addition, directors or managers of 26,000 enterprises have assumed overall responsibility for production and operation.

Previously, enterprises were subject to what is known as the "collective leadership" of the Communist Party Committee, and in most cases directors had little say in management.

Yuan said the streamlining program had enabled industrial, transport, construction and commercial businesses to reduce their workforce by 3 million since 1982. These surplus employees had gone into other lines of production.

Meanwhile, at least half of all workers had received specialized technical training.

/12766

CSO: 4020/147

INDUSTRY

BRIEFS

MOTOR VEHICLE OUTPUT INCREASES--Beijing, December 21 (XINHUA)--China will manufacture 1.34 million motor vehicles worth 65.5 billion yuan in the Sixth Five-Year Plan ending this year, a senior industry official said here today. The output of vehicles has risen to more than 400,000 this year from 220,000 in 1980. Over the past 5 years, the annual growth rate of total output value and the number of vehicles produced has averaged 19 and 13.6 percent respectively, said Chen Zutao, general manager of the China Automotive Industry Corporation. Addressing a national motor manufacturers' conference which opened here today, Chen said many new factories had been set up in recent years, and advanced technology had been introduced to the industry. Several Sino-foreign joint ventures had been established. This year, China had developed more than 20 new models and 200 specialized types of vehicles, setting a national record. However, the country was still not producing the quantity, quality or variety of vehicle required during a period of rapid economic growth, said Chen. Facing with fierce competition from abroad, China's automotive industry still needed to make great improvements in performance. [Text] [Beijing XINHUA in English 1117 GMT 21 Dec 85 OW]/12766

ULTRALIGHT PLANE TEST FLIGHT--On the morning of 25 September, Nei Monggol's first self-produced ultralight test plane--"Honeybee No 5"--conducted ultralow-altitude (2 meters) and high-altitude (320 meters) test flight demonstrations at Hohhot's Baita Airport. The plane's flight was smooth when climbing and descending, it suffered no damage, and basically achieved its design requirements during the successful flight. Wen Jing [2429 4737] and Jia Cai [6328 2088], leading party and government comrades of Hohhot, observed the test flight and congratulated the personnel that participated in the manufacture, production and test flight of the plane. The "Honeybee No 5" was researched and designed at the Beijing Aeronautical Engineering Institute, and its machining was produced by the Hohhot Oil Pump and Oil Cock Factory. The plane can carry three persons, has a weight of 200 kg, a cruising speed of 70 km per hour, a top speed of 102 km per hour, a ceiling between 2,000 and 4,000 meters, can easily fly over Daqingshan, and has superior performance compared to the "Honeybee No 3." This plane will be widely used in seeding, insect extermination, fire prevention, patrolling, correspondence, communication, tourism, livestock herding and aerial photography. Because it only needs a very short runway, takes up little space, and can take off on any level ground it has great prospects for use in Nei Monggol's vast grasslands. Three planes are planned for production this year, and next year, after all preparations are made, volume production will be started. [Text] [Hohhot NEIMENGGU RIBAO in Chinese 27 Sep 85 p 1] 12704/12379

CONSTRUCTION

MANY HOUSEHOLDS GET NEW HOUSES IN ZHEJIANG

Hangzhou ZHEJIANG RIBAO in Chinese 1 Oct 85 p 1

[Article: "During the Sixth 5-Year Plan Period, Zhejiang's Urban Housing Construction Developed Rapidly: In 5 Years More Than 400,000 Households Moved into New Houses"]

[Text] During the period of the Sixth 5-Year Plan, Zhejiang's annual completed housing construction area in cities and towns averaged 4.53 million (not including housing built by farmers living in cities and towns), accounting for 61 percent of the province's total completed housing construction area since the founding of the People's Republic. Calculating on the basis of 50 sq m for every household, approximately over 400,000 households, the equivalent of 28 percent of all households in cities and towns, moved into new houses in 5 years. The new housing's standards and quality also rose notably. Each house, with kitchen, bathroom and balcony, and in some cases even with small square halls, generally houses only one family.

During the period of the Sixth 5-Year Plan, housing construction in Zhejiang's cities and towns made such quick progress because, first of all, the old method of centralized construction and distribution by the state was abandoned, thus kindling the enthusiasm of all quarters. In recent years, state-owned and collectively owned enterprises built a large number of houses either through construction by enterprises themselves, joint construction by enterprises, raising funds to construct in a unified way, constructing by the state with enterprise assistance, and construction by enterprises with private assistance. The proportion of area of new housing built by enterprises with self-raised funds in the province's total area of new housing has risen from one-third 1 or 2 years before the Sixth 5-Year Plan to two-thirds. Meanwhile, policy concerning housing construction by individuals was also changed from "forbidding" to "helping," which resulted in 2.5 million sq m of housing built by individuals in the past 4 years, accounting for 12 percent of the total completed area of new housing during the same period.

12974/12245
CSO: 4006/187

CONSTRUCTION

BRIEFS

CONSULTANTS TO APPROVE CAPITAL CONSTRUCTION--Beijing, December 19 (XINHUA)--Capital construction projects in China will have to go through the China International Engineering Consultancy Company for feasibility studies instead of merely getting the signature of leading cadres who might know little of the technical side. This reform, approved by the State Council, is to ensure the smooth operation and profitability of large projects. The State Planning Commission will decide whether those projects are to be listed in the state plan, following the company's appraisal. Project consulting is a new professional field in China. Founded in 1982, the China International Engineering Consultancy Company has undertaken more than 120 studies of state key projects and enterprise reform for the State Planning Commission and other organizations. [Text] [Beijing XINHUA in English 0853 GMT 19 Dec 85 OW]/12766

HOUSING FOR ELDERLY--Hangzhou, December 20 (XINHUA)--Coastal Zhejiang Province now has 450 homes for the elderly in the countryside, compared with 53 before 1982, according to the provincial authorities. These facilities now support 5,400 old people who have no children. Some orphans also live there. As the life of the rural people has improved, townships have set up homes to provide better living and health care conditions for the old people. The more than 70,000 provincial elderly people without families used to be supported by production teams. Now, the local government, collectives and rural enterprises support the homes for the aged. The province has built 44,000 square meters of housing for the old people. Local governments have also assigned more than 1,000 people to serve them. In addition, the villages have allocated some farmland to the old folks home. Though some attendants are hired to grow vegetables and raise chickens, a number of the elderly enjoy working alongside. The provincial Bureau of Civil Affairs reported that living standards of the old people are higher than the average level in the countryside. Officials at different levels often visit the facilities for old people and help them to solve problems. [Text] [Beijing XINHUA in English 1323 GMT 20 Dec 85 OW]/12766

BEIHAI COASTAL CITY PROJECTS--Beijing, 18 December (XINHUA)--Construction of 24 major projects have begun and will go into operation in the first half of next year in Beihai, Guangxi Autonomous Region. Beihai, located 480 km west of Guangzhou, is one of the 14 coastal cities open to foreign investment and trade. Work is continuing on the Beihai Airport and will be ready to offer flights early next year to Guangzhou, Guilin, Nanning, Haikou, and Zhanjiang.

City infrastructure construction is also underway. A microwave telecommunication system between Nanning and Beihai is under construction and will be operational in June of next year. Six highways are nearing completion. A number of hotels, restaurants, department stores, offices and residential buildings have been erected. A four-star-hotel, the Fuluhua Hotel, and an overseas Chinese hotel have opened for business. A project to build two berths for 10,000-ton-ships at the new harbor is 40 percent completed and will be ready next October with an annual handling capacity of 5.6 million tons. [Text] [Beijing XINHUA in English 1231 GMT 18 Dec 85 OW]/12766

DEEP-WATER BERTHS TO BE COMMISSIONED--Beijing, December 23 (XINHUA)--Construction of over 20 deep-water berths capable of accommodating 10,000 dwt ships will be completed before the end of this year, the Ministry of Communications announced here today. More than 30 such berths have already been commissioned this year, the ministry added. During the Sixth Five-Year Plan period (1981-1985), construction started on a total of 132 deep-water berths. The major coastal ports are not capable of handling 300 million tons of cargo a year, 100 million tons greater than that in 1980, the ministry said, adding that in the past 5 years, the volume of freight those ports handled increased by 6.7 percent annually. According to statistics provided by the ministry, this year, China's inland waterways handled a total of 470 million tons, 20 percent more than in 1980. The Yangtze River alone, China's longest, is expected to transport more than 110 million tons this year. China has now altogether 62 ocean-going shipping companies totalling 3 million dwt, ranking the ninth in the world. [Text] [Beijing XINHUA in English 0851 GMT 23 Dec 85 OW]/12766

CSO: 4020/147

DOMESTIC TRADE

BUSINESS INFORMATION EXCHANGE LAUNCHED

OW251013 Beijing XINHUA in English 0804 GMT 25 Dec 85

[Text] Guangzhou, December 25 (XINHUA)--Business executives, especially those from the countryside, can now seek advice on market affairs at a newly-launched information exchange in this capital of Guangdong Province.

The exchange, set up last week jointly by the Guangdong Provincial Nanfang Market Information Center and Commercial Economy Society, provides clients with information about market conditions and new products, as well as import and export opportunities.

An official of the exchange said it would also arrange exhibitions of goods, and could act as a notary in business transactions.

The exchange, the first in Guangzhou, is authorized to issue letters of credit on behalf of banks, and approve shipments of goods out of the province.

It has been launched to help promote commodity production on the Pearl River Delta, one of China's most prosperous areas.

Peasants living in the area, which borders Hong Kong and Macao, are being encouraged to develop a market- and export-oriented economy.

Electronic facilities are available at the exchange to input or retrieve business information.

And the official added that it offered a "rural tea-house atmosphere," where clients could discuss business affairs over drinks or tea.

/8918

CSO: 4020/148

DOMESTIC TRADE

NORTHEAST EXPANDS ECONOMIC COOPERATION

OW060800 Beijing XINHUA in English 0707 GMT 6 Dec 85

[Text] Shenyang, December 6 (XINHUA)--Economic cooperation among the provinces of northeast China has expanded from barter trade to development of natural resources and technology, and from technical exchange to integrating production with research, according to a local official.

At a meeting on economic cooperation which opened here earlier this week, Shen Yue, director of the northeast economic regional planning office under the State Council, said that long-term and stable ties between enterprises and cities have replaced the temporary, scattered and sporadic cooperative projects of a few years ago.

The northeast economic region includes Liaoning, Jilin and Heilongjiang provinces and the eastern part of the inner Mongolia autonomous region. The economic activities in this region are interdependent geographically and historically.

Firms and local governments in this region have also signed agreements on 4,397 projects with 24 provinces and municipalities in other parts of China, involving a total investment of two billion yuan. The projects will add an annual output value of three billion yuan.

Shen Yue said the current economic reform and economic cooperation have expanded the production capacity of quality products.

An electric power equipment group, including the Harbin Electric Power Equipment Company, Liaoning Electricity Transmission and Transformer Equipment Company, the Northeast Electric Power Designing Institute and 25 enterprises, has formed a complete system from research into and production of power facilities to construction and installation of power stations. The system will have an additional annual production capacity of one million kw after fulfillment of state quotas during the 1986-1990 period.

The electric ceramics group, including plants in Fushun, Changchun, Tonghua and Shuangyashan, has retooled the existing enterprises since its founding in July last year. The group will increase its annual production capacity to 2,000 tons by the end of this year. In 2 or 3 years, the total production capacity will rise to 5,000 tons a year.

Liaoning Province has 108 economic groups, involving 705 enterprises.

In Shenyang, capital of Liaoning, 163 enterprises have ties with 21 provinces and municipalities. They have formed 23 groups to produce trucks, buses, small tractors, diesel engines, deep-well pumps and other products.

Jilin Province has saved 60 enterprises from bankruptcy through such cooperation.

In addition to grouping of enterprises, cities have strengthened ties among themselves, according to Shen Yue.

There are three such economic and technical cooperative groups: Shenyang and the five surrounding cities, Dalian and five coastal cities and four cities with Jinzhou as their center.

/8918

CSO: 4020/148

DOMESTIC TRADE

INCREASED GOODS CIRCULATION BOOSTS RETAIL SALES

OW181000 Beijing XINHUA in English 0837 GMT 18 Dec 85

[Text] Beijing, December 18 (XINHUA)--China will achieve a 27 percent increase in retail sales this year over last, thanks partly to the breaking-down of regional barriers to stimulate commodity circulation.

The country's volume of retail sales was 335.7 billion yuan last year, an official of the Commerce Ministry said here.

Since 1983, more than 1,000 trading centers have been set up in major cities to buy and sell products in excess of the state quota, he said. Wholesale transactions reached nearly 7.4 billion yuan in 40 centers alone during the first 9 months of this year, the official said.

Rural residents now have easier access to manufactured goods than before, as the goods are flowing in through diverse channels--state-run stores, collective shops, rural supply and marketing cooperatives and individual businesses. They can order goods from anywhere they prefer, the official said.

Department stores in major rural towns sell thousands of products, much the same as stores in cities.

In addition, large numbers of peasants have switched from farming to business, as a result of increased productivity following the introduction of the initiative-based responsibility system.

They are also helping spur the influx of manufactured goods into rural areas and farm products into urban areas, the official said.

China now has 1,000 farm-product wholesale markets, where rural peddlers sell fresh vegetables, eggs, poultry, meat and special local products. Urban stores and government office canteens also buy non-staple food from them, the official said.

Special local products from south China are now available at such markets in the northeastern cities of Harbin and Shenyang. Meanwhile, melons and other farm products from north China are on sale in the southern cities of Guangzhou and Wuhan.

In addition, urban residents in some cities buy half of their vegetables and meat from free markets.

/8918
CSO: 4020/148

FOREIGN TRADE AND INVESTMENT

CREATION OF OPEN FOREIGN EXCHANGE CONTROL SYSTEM

Fuzhou FUJIAN LUNTAN [FUJIAN FORUM] in Chinese No 9, 5 Sep 85 pp 18-20

[Article by Shen Hong [3088 3163], Fang Xiaming [2455 6343 2494] and Lu Zengrong [4151 1073 2837]: "Creation of an Open System of Foreign Exchange Management"]

[Text] In a certain sense, the success or failure of the open door policy hinges on the amount of foreign exchange earnings. How do we go about heightening the enthusiasm of the various departments at various levels in general and the enterprises in particular to earn larger amounts of foreign exchange? This is a problem that must be explored if we are to exercise effective management of foreign exchange. Fujian and Guangdong are provinces that have adopted "special policies and flexible measures" at the same time. Although both provinces have boldly engaged in such economic activities as exploring ways to expand foreign trade, the utilization of foreign capital, the importation of advanced technologies, and control over the use of foreign exchange during the past 6 years, Guangdong is far ahead of Fujian in motivating enterprise enthusiasm for earning foreign exchange. During 1984, Guangdong's total foreign exchange income was \$2.8 billion. Between 1980 and 1982, the foreign exchange income from foreign trade increased by 100 percent. The growth rate for foreign exchange earnings from the processing and installation of imported materials and compensation trade was even higher, increasing from \$12.98 million in 1979 to \$260 million in 1984, a 19-fold increase. As for Fujian, the total foreign exchange income in 1984 came to \$559 million, showing a 1.06-fold increase compared to 1978. Out of that amount, the foreign exchange income from foreign trade was \$361 million in 1984, a 1.09-fold increase compared to 1978, while foreign exchange earnings from the processing and installation of imported materials and compensation trade came to \$8.21 million. Thus there exists a vast gap in foreign exchange earnings between Guangdong and Fujian.

One valuable experience gained by Guangdong in increasing its foreign exchange earnings is the efficacy of the open type system of foreign exchange management. In the management of foreign exchange earnings from its exports, Guangdong has reformed the system of allowing foreign trade departments to exercise unified control over export operations, directed its efforts toward the development of a combination of industrial, technical and agricultural trade operations, permitted certain enterprises to establish

direct contact with traders, kept abreast of changes in demand on the international market, and established a link between production and operations, expansion and development, and the earning and utilization of foreign exchange. At the moment, more than 60 enterprises in the province (over 10 of which are factories) have been granted autonomy in foreign trade operations, are free to sign contracts with foreigners and are responsible for their losses, while the division of profits remains unchanged. Fujian, on the other hand, has engaged in discussions without making decisions, has made decisions without follow-up action, and has yet to implement an open system of foreign exchange management with regard to the varieties of merchandise for export in Guangdong, aside from the 20-odd varieties approved by the central and provincial governments, all the other varieties of export merchandise are approved by the localities and cities. In Fujian, however, aside from the 36 varieties of export merchandise subject to the control of the central and provincial governments, the overwhelming majority must be submitted to the provincial government for approval, so that the prefectures and cities have little autonomy to speak of. In support of the export trade to earn foreign exchange in the prefectures and counties in the mountainous areas this year, Guangdong has, by permitting the entire amount of foreign exchange earnings in the 47 mountainous region counties that are permitted by the central government to be retained by the province to be retained by the localities, greatly motivated the enthusiasm of the inland mountainous regions to earn foreign exchange by engaging in the export trade.

In regard to control over the use of foreign exchange, Guangdong has in recent years also reformed the old centralized method for granting approval by the provincial government and adopted the method of the all-round sharing of proceeds, of establishing a link between the earning and the use of foreign exchange, and the submission of specific ways of using foreign exchange for approval by the higher authorities according to stipulations, so that the various departments may have a certain latitude in the use and distribution of foreign exchange. Foreign exchange earmarked for specific use in a unified manner by the provincial planning commission constitutes some 42 percent of the total amount of foreign currency used by the province, while a larger part is retained and utilized at the discretion of the various departments and enterprises at various levels. The foreign currency to be used according to the unified plan of the provincial planning commission is also distributed in a unified and equitable manner to the concerned departments by the planning commission at the beginning of the year so that it may be used by the various departments at their discretion and according to the stipulations of the plan. As for the sharing of foreign currency receipts exceeding the amount set by the plan, the principle adopted by the province is that, after part of it has been turned over to the central government, the province is to retain a larger share if it is responsible for losses incurred in the export trade, and a smaller share otherwise. The specific ratio of sharing is for the province to retain 75 percent, the prefectures 5 percent, and the counties and enterprises 10 percent each, of the foreign currency income derived from foreign trade; the province is to retain 60 percent, the prefectures 10 percent, and the counties and enterprises each 15 percent of the foreign currency income derived from the processing and installation of imported materials; the province is to retain 50 percent of

foreign currency income not derived from foreign trade. By stressing the importance of establishing an organic link between the earning and utilization of foreign currency, the province has succeeded in motivating the enthusiasm of the prefectures, counties and enterprises to earn foreign exchange with the result that the total amount of foreign exchange income has increased considerably. The foreign currency retained by the province, instead of being reduced, has increased to a considerable extent. The foreign currency presently retained by the province amounts to between \$1.1 billion and \$1.2 billion annually, or over 40 percent of the total amount of foreign currency income. Emphasis on the use of foreign exchange is placed by the provincial planning commission mainly on the importation of technologies, equipment, raw materials in short supply domestically, and certain consumer products, amounting to over 90 percent of the foreign currency used by the province. In addition, a certain part is set aside for the development of scientific, educational, cultural and public health projects and for providing assistance to the aged and the young in the remote areas so that a powerful impetus is given to the overall development of the economy of the province. On the basis of our experience in Guangdong, we are of the opinion that our methods for the control of foreign currency and for providing ideological guidance must be completely oriented toward stimulating the enthusiasm of the parties concerned to earn foreign exchange, especially on the part of the enterprises. We must establish the "giving way first and collecting later" point of view.

First, we must utilize foreign currency to earn foreign currency. The amount of foreign currency used must be contingent upon the amount of foreign currency earned. Unless our province increases its exports and foreign exchange earnings as soon as possible, it would be idle to talk about making use of foreign currency for importing technologies on a large scale. For this reason, except for giving approval for the use of foreign currency needed by nonprofit departments engaged in scientific, educational, cultural and public health projects, the foreign currency required by production departments and enterprises must be paid back on time or at the prevailing rate of foreign exchange. The foreign currency urgently needed by certain key domestic construction projects may be paid back in renminbi (but settled at the average foreign currency exchange rate). "Foreign currency loans" should be extended to meet the needs of processing and other production enterprises and be paid at different rates of interest and within a fixed period of time in order to promote regularity between the use and the earning of foreign exchange. The state should no longer be responsible for the foreign exchange balance of such enterprises. In its "Tentative Plan for the Reform of the Economic System in the Near Future," Fujian has already come forward with the proposal that certain enterprises should be selected to establish direct contact with foreign countries on a trial basis. This measure, serving as it does to encourage the enterprises to earn foreign exchange, should be adopted as soon as possible.

Second, the power to use foreign exchange should be granted those enterprises which earn foreign exchange to encourage them to earn more foreign exchange. Guangdong's experience has proved that an increase in the ratio of retained profits on the foreign exchange earnings of the enterprises in

the cities and counties enables them to make use of the retained foreign exchange to take advantage of changes in the international market so as to import technologies at the proper time, to replace their products and to make use of their limited foreign exchange funds to create new and better ways to earn foreign exchange. At the moment, Fujian is in the grips of a situation marked by "the absence of the need for foreign exchange by enterprises earning foreign exchange and the need for foreign exchange by enterprises earning no foreign exchange" and "the ratio of foreign exchange retained by enterprises earning foreign exchange is so small that they cannot 'cash in' on the foreign exchange they have 'retained.'" Such a situation has dampened the enthusiasm of the enterprises to earn foreign exchange from their export operations. On a short-term basis, a larger amount of foreign exchange may be concentrated in the hands of the state and the higher authorities concerned. From the long-term point of view, however, such a situation does not encourage the enterprises to earn larger amounts of foreign exchange. On the contrary, it both adversely affects the overall increase in foreign exchange earnings and exacerbates the imbalance in foreign exchange income and expenditure. It is our opinion that the enterprises earning foreign exchange should be permitted a larger share of "retained profits" and that they should be authorized to use the retained foreign exchange as they see fit under the guidance (the planning departments and the departments concerned may set the direction in which the foreign exchange retained is to be used by the enterprises) and supervision of the national plan. At the same time, the enterprises should be encouraged to sell their shares so that the foreign exchange retained by the enterprises may be put to use by the trades and businesses and state sectors which are in urgent need of development, and that it may be put to use horizontally or vertically. In this manner, it will be possible to avoid to a certain extent decentralization in the use of foreign currency resulting from the "retention of foreign exchange at different levels" and "the granting of autonomous powers in the use of foreign exchange" which are prejudicial to the centralization and redistribution of foreign exchange and to make it possible for small amounts of centralized foreign exchange to be properly redistributed and centralized.

Third, it is necessary to adjust the economic results between enterprises earning foreign exchange and those using foreign exchange. For various reasons, a situation has emerged in which the economic returns accruing to enterprises earning foreign exchange are often smaller than those using foreign exchange. That, in effect, is a reflection of the transfer of economic results. This situation must be reversed before the basic reform of the exchange rate. An economic lever must be used to reform the system whereby foreign exchange is made available to the enterprises having need of foreign exchange at the market rate. It is only when the enterprises in need of foreign exchange are made to obtain it at a rate no lower or slightly higher than the average exchange rate in the province that most of the losses suffered by the enterprises earning foreign exchange can be absorbed by enterprises using foreign exchange, and that the demands of the law of values can be met. When being used in an exigency, the foreign currency owned by the enterprises should not be quoted lower, but slightly higher, than the actual exchange rate so that the legitimate economic benefits of the enterprises earning foreign exchange may be protected.

Fourth, the enterprises should be permitted to compete by putting part of their commodities on the international market. By this is meant, first of all, that the enterprises earning foreign exchange should be given autonomous powers to sell that part of their products over and above the planned export quota (except for products having an allocated quota) according to their grade and class and at a progressive rate of profit retention. Second, within a period of 3 to 5 years, the entire amount of profits should be retained by the enterprises earning foreign exchange which turn out new products outside of the plan to be exported on a trial basis and new export products which they have developed on their own, so that the enterprises in various localities may be encouraged to expand the export of new varieties and to open up new export channels. In this manner, a portion of the retained profits may be used to import technologies, to develop new products and to increase the capacity for earning foreign exchange, thus helping to reduce the province's financial burden. As regards the ratio of retention of the entire amount of foreign exchange, the proportion of foreign exchange used by the entire province in a centralized manner is likely to be reduced while the amount of foreign exchange which can be put to use will continue to increase in the long run. Thus, the future promises well for the invigoration of the overall provincial economy and the improvement of the enterprises' standard of operations as well as their competitiveness.

Fifth, we must have the resourcefulness and courage to assume responsibility for debts incurred in our effort to achieve a foreign exchange balance in the localities. The economy of the entire province should be converted from the inward type to the outward type and efforts must be made to increase the ratio between the value of export commodities and that of the total amount of commodities in the entire province within the shortest period of time. To achieve this objective and a favorable balance in our foreign currency funds, we must adopt a policy of "using imports to promote exports" in the near future. The province should give autonomous power and policy guidance to the cities, prefectures, counties and enterprises and give full rein to the open areas, the open cities, the developed areas and special areas in their effort to gain entry into the international market, to make use of foreign capital to import advanced technologies in order to earn more foreign exchange, and to proceed from "the incurrence and repayment of debts to the extension of loans." That is the common path traversed by the various countries and regions in the outward development of their economies. Fujian, which is close to Hong Kong and Taiwan, has abundant resources from the mountains and the sea. So long as they can develop their external and internal advantages in a vigorous manner, the open regions at various levels can be counted on to progress from reducing the imbalance in foreign exchange funds to achieving a favorable balance at an accelerated pace.

Sixth, macroeconomic control over foreign exchange funds must be strengthened. To increase the volume of exports and to exercise effective control over the use of foreign exchange are two important ways to achieve this end. The gross industrial and agricultural production value of the Xiamen Special Economic Zone, the open city of Fuzhou, and the Xiamen-Zhangzhou-Quanzhou triangle exceeds half that of the entire province. This area is the vanguard of the entire province and the base for the expansion of export trade. In

order to increase the capability of this area to earn foreign exchange, it is imperative to increase the power to engage in foreign trade, to accelerate readjustment of linkages among the industries and to increase the volume of exports by all possible means. At the same time, the strategy for the development of the province and the Seventh 5-Year Plan must also be made to reflect the special features of the "external type" of foreign exchange management. The expansion of exports must be given priority. Encouragement and support must be given to exports in order to earn and to make good use of foreign exchange. In the selection of import items, attention should not be directed only toward domestic market needs and the increase in renminbi income. While technologies are being exchanged for export products, our objective should be placed up on improving our technical standards, operational efficiency, and ability to fight our way into the international market. Only then can our enterprises continue to improve their operational standards and increase their ability to earn foreign exchange and compete in international markets.

In short, the lesson we have learned from Guangdong's experience is the dialectical unity of the amount of retention of foreign exchange and the amount of foreign exchange earnings. We must abandon the beaten path of "enlarging the amount of retention and reducing the amount of foreign exchange earnings" and embark up on the new road of "increasing the amount of retention and the amount of foreign exchange earnings." That is the effective way to strengthen macroeconomic control and to invigorate enterprise operations in the implementation of the open door policy.

9621/12828
CSO: 5006/144

FOREIGN TRADE AND INVESTMENT

3D 'MARINTEC CHINA' EXHIBITION ATTRACTS MANY FOREIGNERS

HK050851 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS SUPPLEMENT) in
English 5 Dec 85 p 3

[By Diane Sotrmont in Shanghai]

[Text] With development of the Chinese maritime sector high on the priority list of china's Seventh Five-Year Plan (1986-1990), more than 250 foreign shipping-related manufacturers have flocked to Shanghai to display their wares.

Companies from as far afield as Scandinavia, Britain and Continental Europe, as well as neighbouring Japan and Hong Kong, are pushing their goods at the third Marintec China Exhibition, which opened in Shanghai yesterday.

China's stated aim of improving foreign trade during the coming 5 years means expensive plans to upgrade its ports, shipbuilding, cargo-handling and offshore technology sectors to facilitate increased trade movements.

China has announced its intention to build 33 deep water berths and complete three 200,000-ton class crude oil berths alone in the first year of the 5-year plan.

After spending U.S.\$857 million on port development last year, Beijing has allocated U.S.\$9 billion to develop eight more by 1990.

Much of this \$9 billion has been earmarked for foreign equipment purchases.

Few exhibitors, however, expect to sign any orders during the 5-day show.

"We are really only flying the flag," Mr Michael Napier, sales manager of UK-based Simon-Carves Ltd said.

"Most of the actual negotiating will go on after the show." But foreign companies are paying dearly to wave the flag.

The profit-oriented Chinese hosts have doubled the room rates at the designated Shanghai Hotel for the duration of the event.

Delegates have had to stump up U.S.\$68 per night for single occupancy at what is a distinctly fourth-rate hotel.

Display booth rentals at \$450 per sq m--minimum space 15 sq m--is more than double the equivalent in Hong Kong.

However, the pain is offset slightly by subsidies provided by over governments which took pavilions to promote their national exports, underwriting part of the cost.

However, one exhibitor, who wished to remain anonymous, said this third bi-annual Marintec China Exhibition could be the last.

The event, which is organised by Cahners Exposition Group Ltd in conjunction with the Shanghai Society of Naval Architecture and Marine Engineering, the Marintech Press Group and Lloyd's of London, could be upstaged by a rival exhibition organised, it is hinted, by the China Ocean Shipping Co Ltd (COSCO).

"COSCO is our major consumer in China," the exhibitor said.

"Wu would feel obliged to exhibit with them, and we can't afford more than one exhibition in China."

/8918

CSO: 4020/148

FOREIGN TRADE AND INVESTMENT

DYNAMIC ATTITUDE NEEDED TO GAIN LARGER JAPANESE MARKET

Beijing GUOJI SHANGBAO in Chinese 26 Sep 85 p 2

[Article by Meng Jixin [1322 4764 2450]]

[Text] At the moment, the outstanding problem in Chinese-Japanese trade is the imbalance of its development, and the key to redressing this imbalance is the expansion of our exports to Japan.

It is the opinion of the writer that, aside from upgrading the quality of our export products to meet the needs of the Japanese market and expanding the volume of our exports, it is extremely important that our foreign trade enterprises establish a correct idea of how to conduct their operations and to improve their attitude in promoting the sale of their products.

In recent years, the writer has been told repeatedly by Japanese friends that our import and export companies "are lacking in enthusiasm in promoting the sale of their products" and that, instead of exhausting all their means to satisfy the needs of Japanese should show appreciation for the favor done to them by enterprises which sell them the goods. This attitude is obviously inimical to the expansion of trade with Japan.

The history of Chinese-Japanese trade, especially during the 1960's, indicates that most of our customers are medium and small-sized commercial enterprises that are friendly to us. In view of the limited varieties and the small volume of our export commodities during those years, we did make a special effort to make certain commodities available to our customers, especially those in short supply, as a favor. During trade fairs, those who succeeded in concluding transactions were quick to show their appreciation, while those who failed persisted in their efforts. As time went on, some of our foreign trade companies came to regard their foreign trade operations as acts of "favor" to their customers.

Over 10 years have now passed. The seller's market has given way to a buyer's market. The attitude and the habit of regarding trade as a "favor" must not be allowed to continue. Although the supply and demand situation and the amount of sales are subject to constant change, the "customer first" concept in business operations remains unalterable. Our import and export companies must make an earnest effort to heighten their zeal, to adopt a "dynamic attitude" in promoting the sale of their products, and to establish as soon as possible

"serious relationships" in their business dealings. That is the way not only to expand the volume of exports to Japan but also to develop export trade with various countries in the world.

9621/13045

CSO: 4006/158

21 January 1986

FOREIGN TRADE AND INVESTMENT

MORE FUJIAN CONTRACTS WITH FOREIGN INVESTORS

OW261440 Beijing XINHUA in English 1433 GMT 26 Dec 85

[Text] Fuzhou, December 26 (XINHUA)--Authorities in Fujian Province have signed a record 300 contracts with foreign investors this year, Vice-Governor Chen Binfan said here today.

The province has now signed 800 such contracts over the past 6 years.

Chen said Fujian had imported more than 700 items of foreign technology and equipment this year to renovate existing enterprises. Of these, 280 had already gone into operation.

The value of exports produced this year had risen by 16.8 percent compared with 1984 to 359,500,000 U.S. dollars.

Chen said: "Despite a reduction in the state foreign currency supply, Fujian's foreign trade value had been 3.2 percent more than the state annual quota by November 10."

He attributed this success to the opening to foreign investment of 11 cities and counties in southern Fujian last spring.

Chen said the province had invested two billion yuan in building and renovating two airports, two harbors, two program-controlled telephone switchboards, two thermal power plants and two railways in Fuzhou and Xiamen, and in improving public utilities.

At an investment promotion meeting last month, 10 contracts and 50 agreements and letters of intent were signed in 5 days with business chiefs from Hungary, Japan, Poland, South East Asia, the United States, and Hong Kong and Macao.

/9599

CSO: 4020/150

FOREIGN TRADE AND INVESTMENT

INCREASED FOREIGN INVESTMENT IN FUJIAN REPORTED

Beijing GUOJI SHANGBAO in Chinese 17 Oct 85 p 2

[Article by Zhou Junxiang [0719 0193 4382] and Weng Xinhui [5040 2450 6540]:
"Improved Investment Environment in Fujian, Increased Investment from Foreign
Traders"]

[Text] Fujian Province has made a fine start in importing foreign funds this year. By the end of August, it had signed 327 new contracts involving more than \$248 million from foreign sources, an increase of 146 percent over the same period last year. The foreign funds actually used amounted to \$44.94 million, an increase of 167 percent over the same period last year.

Fujian's utilization of foreign funds had the following three characteristics:

--Overseas Chinese investment amounted to 90 percent of the total foreign investment. Fujian has adopted a preferential policy toward overseas Chinese in different ways to arouse the interest of overseas Chinese investors. Many of the overseas Chinese entrepreneurs have returned to their native land for trade negotiations and are happy to invest heavily.

--The ratio of investment in productive projects has increased. Of the projects for which the use of foreign funds has been newly approved, more than 80 percent went into metallurgy, mechanical and electrical appliances, chemical industry, building materials and textile trades. There were 14 projects with an investment of more than \$5 million each, including 6 of more than \$10 million each. The largest ones were the Xiamen Polyester Co, Ltd, with investments of \$33 million and \$60 million respectively.

--The orientation of investment was compatible with Fujian's policy of stressing resource development, economic results and foreign exchange earnings in the use of foreign funds. There were 11 development projects for its mountain and maritime resources in the forms of joint ventures and cooperative enterprises. In September this year, it signed four agreements with Lai-sen-ke [phonetic] Co of France and three of them were for the exploitation of granite and marble resources. Most of these products, after development, will be exported.

Fujian has good potential for the attraction of foreign funds. In the past several years, it has remarkably improved the investment environment in

transportation, energy and posts and telecommunications. The economic and foreign trade departments at various levels have also carried out their reform to provide stronger proofs of economic benefits for investors, and studied the technical and economic feasibility of the chosen projects very carefully. All these measures have helped enhance the sense of security among the foreign and overseas Chinese investors in Fujian. According to a report, Fujian will hold a meeting in Xiamen in late November to encourage investment, and some 300 financiers and entrepreneurs from more than 30 countries and regions including the United States, Japan, France and the FRG have signified their intention of attending this meeting.

9411/13045

CSO: 4006/318

FOREIGN TRADE AND INVESTMENT

CHEMICAL INDUSTRY FOREIGN TRADE VOLUME SOARS

OW211448 Beijing XINHUA in English 1437 GMT 21 Dec 85

[Text] Beijing, December 21 (XINHUA)--The total volume of imports and exports of China's chemical industry in the Sixth 5-Year Plan period (1981-1985) is estimated to total 19.9 billion U.S. dollars.

This was disclosed by Lin Yincal, vice-minister of the chemical industry, at a national meeting which opened here today.

He said that the import of advanced technology has been one of the top priorities.

He pointed out that his ministry had imported 466 items of advanced foreign technology over the past 5 years; among the 63 items imported over the past year, 44 were used for the upgrading of domestic enterprises.

"These projects are of great significance for promoting the technological level of our chemical industry and promoting their profitability," the vice-minister said.

He said that the stress has been changed from buying only complete equipment in the 1970's to the present form of importing know-how. Trade connections have also been expanded from around six countries 10 years ago to over 30 countries and regions, he added.

He said that during the Sixth 5-Year Plan period, his ministry had helped a number of other developing countries build chemical plants. For instance, a pharmaceuticals factory set up in Mali with Chinese help is the biggest in West Africa.

However, exports must be increased in order to import more. To this end, Lin said, several plants are to be converted to being special manufacturers of exports, and some large enterprises are targeted to set up export-oriented divisions.

He emphasized that products for export should be produced according to international standards so as to be more competitive in the world market.

/9599

CSO: 4020/150

FOREIGN TRADE AND INVESTMENT

IMPROVED QUARANTINE FACILITATES FOREIGN TRADE

OW261144 Beijing XINHUA in English 1057 GMT 26 Dec 85

[Text] fuzhou, December 26 (XINHUA)--Improved quarantine services have facilitated China's foreign trade while ensuring the quality of goods, said Jia Dong, deputy director of the China Administration of Animal and Plant Quarantine.

China has 69 quarantine offices at border regions and outlets of foreign trade, he said at a national quarantine meeting which closed here today.

It now sells animals, plants, and farm produce to 140 countries while importing fine strains and breeds, he said.

His administration called for improved services at the beginning of this year.

Jia commended the Shenzhen quarantine office, which offers services at Hong Kong and 160 exporters in Shenzhen.

The office used to wait for importers and exporters to have their goods quarantined, he added.

The Ministry of Agriculture, Animal Husbandry and Fisheries has sent quarantine experts to Britain, Canada, Denmark, Federal Germany, New Zealand, and the United States.

Cooperating with local veterinaries, they have prevented sick animals from entering China.

There were no sick sheep among the 100 imported from Britain this year as the quarantine workers had eliminated them.

In contrast, 89 of 402 head of sheep imported from the same country were found suffering from Johen's disease when quarantined in Beijing in 1982.

/9599

CSO: 4020/150

FOREIGN TRADE AND INVESTMENT

FOCUS ON PATENTS AND PROPRIETARY TECHNOLOGY IMPORTS URGED

Beijing RENMIN RIBAO in Chinese 31 Oct 85 p 5

[Article by Wang Zhaoxiong [3769 0340 3574]: "Focus on Importing Patents and Proprietary Technologies"]

[Text] As science and technology unceasingly advance, technology trade between all countries of the world is continually expanding; the international technology trade volume now amounts to several tens of billions of U.S. dollars a year. Licensing of patents and proprietary processes between the industrially developed countries has always accounted for an important proportion of this business. In technology import, China has always overstressed complete sets of equipment and production lines, and there have been problems of unnecessary duplication of imports and overimportation. In addition, the provisions of some licensing agreements are not sufficiently thorough, the prices are not reasonable, and in some cases losses or swindles have occurred. The CPC Central Committee Resolution on Reform of the Science and Technology System clearly states that in the future China must accord the importation of technology an important place when developing production technologies and renovating existing enterprises and must focus on the importation of patents, technological secrets and software.

We offer the following suggestions for effective importation of patented technologies and proprietary technologies.

1. Effective Dissemination of Information on Industrial Ownership Rights

"Industrial ownership rights" are the rights of ownership of technological inventions used in industry and of production markings, e.g. patents, trade marks, and the like. China has formally joined the Paris Convention on Protecting Industrial Rights of Ownership, and accordingly in technology importation we must observe our international duty to protect them. Personnel on the science-technology and economics and trade fronts must have thorough information on industrial ownership rights; they must be clearly aware of what constitutes industrial ownership rights and knowledge, ownership rights, what should be protected and how, and what should not and need not be protected, as well as understanding the objectives of this protection.

2. Effective Cooperation in Relevant Areas and Intensified Overall Management

In the future, technology import must truly involve importation of the best for our use. It is very difficult to select technologies for import. For example, in order to make correct decisions about the signing of patent licensing agreements, a literature search must be made to obtain technical and economic information about similar patents held by different companies (or firms), the firms' backgrounds must be investigated, technologies must be analyzed to see whether the products are in accordance with the patents specifications, and so on. We must organize organic cooperation between the foreign economics, patents, scientific and technical management, information, and research and development departments, make feasibility analyses of the up-to-dateness, suitability, reliability, effectiveness, economic rationality, and investment feasibility of the selected items before beginning commercial talks, and overcome blind decision making in order to choose the correct policy and import technologies that are reasonably priced, technically advanced, in keeping with the national situation, easy to assimilate, and capable of promoting domestic self-sufficient research and development.

3. Place Technology Import on a Scientific and Legal Basis

Licensing trade is still a relatively new activity in China, and there is a great need to emphasize licensing agreements that are more scientific, particularly the effective drafting of important clauses that differ from those in commodity trade, such as guarantees, authorizations, technology protection, secrecy, transfer of risk, damage claims, and clauses involving third party infringement, and effectively written technical content. Patent law affects only advanced technology for which a copyright application has been made in China; imported proprietary technologies are now protected chiefly by contract. In licensing trade we must establish and maintain effective legal, management, consulting services, and information systems. The relevant departments must strengthen their overall guidance of licensing agreements and organize economic exchange in timely fashion.

4. Establish and Maintain an Effectiving Licensing Business Contingent That Has a Knowledge of Both Our Own Circumstances and Those of the Other Party and is Rational and Principled in Discussions and Enterprising in Its Work.

In the technology import process there are many problems of current importance that require study, such as shares in technology in Chinese-foreign joint capital enterprises, and invention and creativity ownership rights in Chinese-foreign cooperative development and cooperative research. In addition, in the licensing trade there are also such problems as technology export and the like which must be investigated.

8480/12795

CSO: 4008/2025

FOREIGN TRADE AND INVESTMENT

LIAONING IMPORTS OF TECHNOLOGY, EQUIPMENT DURING 6TH FYP

SK160735 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 15 Dec 85

[Text] During the Sixth 5-Year Plan period, our province has taken active but prudent steps in importing advanced foreign technology and equipment to promote the development of technological transformation and production in industrial enterprises. In the past 5 years, contracts involving a sum of \$900 million were signed, showing an average annual increase of 89.2 percent. In the past 4 years the light industrial units imported the greatest number of technological items and equipment, and the next to follow were the machinery and textile industries. Last year the imported technology and equipment helped more than 500 enterprises carry out technical transformation and helped bring 1.41 billion yuan of output value, and 570 million yuan of profits and taxes, and create \$290 million of foreign exchange through export in a year.

During the Sixth 5-Year Plan period, our province has increased the varieties of machinery products and improved their quality, and has provided many major and important technical equipment of international level of the present age for the state key projects. During this period, our province has 6,827 products listed in the state plans, showing an average annual increase of 446 products. The number of products of international level of the 1970's or 1980's rose from 10 percent in 1980 to 32 percent. Some 61 machinery products won state quality awards, an increase of 10 times over 1980, and 179 products won ministry-level quality awards, and 360 products won provincial quality awards, showing an increase of 4 to 6 times respectively over 1980.

/8918

CSO: 4006/502

FOREIGN TRADE AND INVESTMENT

EDITORIAL EXPLORES TECHNOLOGY IMPORTATION PROBLEMS

Tianjin TIANJIN RIBAO in Chinese 18 Oct 85 p 1

[Editorial: "Strive for Self-Development"]

[Excerpt] To attain the correct objective in importation, we must first bear in mind the overall situation. We have to pay for imports in foreign currency. In deciding on the items to be imported, therefore, we must bear in mind the overall situation, think of the need to earn foreign exchange for the state, and give priority to those items that are capable of earning foreign exchange more quickly and in larger amounts. We must not stress imports without giving any thought to earning foreign exchange through exports. In spending foreign currency, we must exercise careful calculation and strict budgeting. Our precious foreign exchange must not be used on indiscriminate foreign purchases, and we must not waste a single moment in mastering and applying the imported technologies in order that they may be put into operation quickly and earn foreign exchange for the state. Thus, with money in hand, the state can increase its imports in an effort to catch up with the advanced world standards.

Second, in importing technology, we must think of the possibility of domestic production instead of stressing general assembling and neglecting the basic work. Now, some people are interested only in general assembling lines and have imported some production lines that are not urgently needed and usually leaving a "long tail." If foreign parts were not available, they would become heaps of scrap metals. The Tanggu Valve Plant imported some advanced technology and quickly used domestic raw materials to produce samples which were up to the international standards. All the accessories were procured at home and the plant won the initiative of self-development. Now let us suppose that we have a "rice-cooker" and some other people have the "rice." If we have no source of "rice" for the "rice-cooker" we brought, we still cannot prepare a meal.

Third, we must seek truth from facts and attempt only what we are capable of. We must not confine our attention to what is "large, foreign and complete" and forget what is "small, high-standard and

specialized." Being "foreign" does not exactly mean being advanced, and even being advanced is only relative. Now some comrades have a new obsession: Whenever importation is mentioned, they want to have large projects with heavy investment, and hope for sets of completely "foreign-made" equipment. These projects are slow in going into operation and producing results, and require long construction periods. After spending all the time and money, it is still hard to predict how the result will be when they eventually go into operation. In this age of "knowledge explosion," new technical developments are taking place every day, and the longer the construction period, the more likely will it be for advanced technology to become backward. By importing projects that are small, high-standard and highly specialized, we can quickly produce special commodities that are of a high standard and able to find a foothold on the international market. When we are so tight in foreign exchange, it is very important that we should give priority to the "small, high-standard and specialized" projects.

We must proceed from the overall situation and strive to earn foreign exchange for the country. We must also master and apply the imported technology as soon as possible to promote domestic production. In importing technology, we must seek truth from facts, have a keen sense of professional responsibility, and be willing to make hard efforts. At present, we must learn from our previous experiences and avoid the detours as best as we can in order that our work of importation may develop in a healthy way and with the correct orientation.

9411/12223

CSO: 4006/327

FOREIGN TRADE AND INVESTMENT

STATE COUNCIL CIRCULAR PLANS CAR IMPORT RESTRICTION

OW191544 Beijing XINHUA in English 1446 GMT 19 Dec 85

[Text] Beijing, December 19 (XINHUA)--China will put a brake on car imports and streamline motor vehicle production, according to a State Council circular released earlier this week.

Continued import of cars will affect China's balance of international payments and injure the healthy development of China's automotive industry, the circular quoted a report by the State Planning Committee and other ministries concerned.

The soaring demand for motor vehicles has resulted in an excessive number of automotive plants and an excessive amount of imports, the report said.

Effective administrative and economic measures will be taken to control the production of motor vehicles, said the circular. All production must conform to a unified plan. Overlapping construction or expansion of motor vehicle plants must be checked, and prices and taxes will be used to regulate production.

/9599

CSO: 4020/150

FOREIGN TRADE AND INVESTMENT

MEASURES SUGGESTED FOR TIGHTENING EXPORT CONTROL

Beijing GUOJI SHANGBAO in Chinese 21 Oct 85 p 2

[Article by Dai Wenjun [2071 2429 6511] of Guangdong Provincial Animal Products Import-Export Co.: "Four Suggestions for Foreign Trade Exports"]

[Text] There is now some confusion about export products mainly because some management power which should not be decentralized has been delegated to the lower levels. This confusion is mainly shown by the competition from the municipal and county foreign trade enterprises against the provincial foreign trade enterprises for customers and the supply of traditional products which were originally exported by the provincial foreign trade enterprises. Furthermore, some units are engaging in foreign trade exports without approval and have been exported the raw materials needed at home in disregard of state regulations.

In view of this, it is suggested that the leading departments concerned should further strengthen the centralization of management in four respects in order to promote foreign trade development.

1. There should be distribution of work in exports and a clear demarcation between the products to be handled by the specialized provincial foreign trade companies and those to be handled by the approved foreign trade agencies at the prefectural, municipal and county levels. Export permits are required for all products under the former category.
2. To avoid contradictions between selling at home and selling abroad in the supply of goods that can be exported, the department specialized in the centralized management of exports should make comprehensive arrangements for both foreign and domestic sales in order to prevent disputes.
3. No unit can engage in exports without approval. Applications for export license must be strictly examined by the departments concerned before the issue of licenses.

4. Custom's functions in supervision and inspection must be strengthened. The exports of any raw material which may affect domestic industrial production must be strictly prohibited in order that normal production and export trade not be hindered.

9411/12223
CSO: 4006/327

FOREIGN TRADE AND INVESTMENT

EXCESSIVE CHARGES, LOW EFFICIENCY IN HANDLING EXPORTS

Beijing GUOJI SHANGBAO in Chinese 21 Oct 85 p 2

[Article by Jin Yue [6855 1878]: "Excessive Charges, Low Efficiency"]

[Text] In the work of exports, the question of excessive charges has assumed serious proportions as can be seen from the following examples:

1. According to regulations, a fee of 10 yuan should be paid for each export permit issued by the department concerned. The processing of the permit application takes 10 days, beginning from the date of its filing. If the permit is to be issued in less than 10 days to meet certain urgent needs, it will cost 20 yuan because of the special handling. If it has to be issued within 3 days, the charge will be 30 yuan.
2. When it is necessary to check some vouchers in the unit concerned, a fee of 5 yuan has to be paid for each voucher. Usually, we have to check for ourselves, and yet it costs us money.
3. When the department concerned is required to dispatch someone for an on-the-spot inspection, we have to supply his transportation even though the inspection takes place downtown. Besides, each inspection costs 30 yuan (although, in fact, the inspection consists of only one or two glances.)
4. Some vehicle stations have no cargo-storage sheds and therefore do not handle export cargoes. Others, though having the sheds, cannot guarantee the availability of vehicles according to the transportation plan. Furthermore, the cargo, once delivered into one station, cannot be transferred to another, even though it cannot be transported according to the plan.
5. Plans for the use of vehicles must be filed 1 month before the dispatch of cargo, but there is no guarantee that the plans would be followed. On the other hand, when some goods cannot be dispatched in time because of certain changes, no cargo can be accepted as a substitute.

6. According to the regulations of some vehicle stations, a crate of cargo cannot exceed 35 kg; otherwise the station will not be responsible for damage to it. No shipment can exceed 1,500 pieces, otherwise it will not accept the shipment or be responsible for any loss.

Many other examples can be cited.

Since ours is a socialist country, every unit should stress economic results instead of moneymaking. In foreign trade exports, some departments serve as checkpoints as well as service centers. Now will the relationship between checkpoints and service centers be handled? I believe service should be primary. As long as no state policy is violated, these departments should do everything to facilitate rather than hinder exports.

The state needs foreign exchange, and every foreign trade worker would like to make his contribution. Yet he has to cope with so many problems. As some workers said: "Nothing can be done without burning incense."

9411/12223

CSO: 4006/327

FOREIGN TRADE AND INVESTMENT

SICHUAN EXPORTS MARK BIG INCREASE OVER 1984

OW260900 Beijing XINHUA in English 0644 GMT 26 Dec 85

[Text] Chengdu, December 26 (XINHUA)--Exports from Sichuan Province, southwest China, went up 81 percent this year over 1984, according to local authorities.

By December 10, the value had amounted to 226 million U.S. dollars, in addition to 100 million U.S. dollars garnered by Chongqing City, which was counted separately.

Meanwhile, foreign goods worth 96 million U.S. dollars were imported by the province.

The province has trade ties with 2,000 businesses in 80 countries and regions, and a permanent office in Hong Kong.

Its exports cover 600 varieties, including silk, cereals, oil, food, native produce, animal by-products, metals, minerals, machines, chemicals, arts, crafts, and medicines.

This was the first year for Sichuan to directly handle export goods not included in the state plan. Previously, exports from the province were handled by the ports of Shanghai and Guangzhou.

/9599

CSO: 4020/150

FOREIGN TRADE AND INVESTMENT

TECHIMPORT DEPARTMENT SEEKS FOREIGN OUTLET FOR TECHNOLOGY

HK230438 Beijing CHINA DAILY in English 23 Dec 85 p 2

[Article by staff reporter Xie Songxin]

[Text] In a move to protect domestic markets and find new foreign buyers, the China National Technical Import Corporation has set up an export department.

Guo Qiping, a spokesman for the new department, told CHINA DAILY good results had been achieved since the department was established last October.

Sichuan Youth Development Corporation is to export six items of technology through the department, Guo said. Other institutions, such as the Beijing Aeronautical Institute and the postgraduate department of Beijing Institute of Mining Industry, are also planning export projects.

Bulgaria is looking for Chinese technology to make soy sauce. Brazil and other South American countries have asked for Chinese traditional medicine manufacturing techniques and equipment. The department plans to send a delegation to Brazil to make investigation next year, Guo said.

"Information about the international technology market is vital to our business," Guo said. The corporation's overseas offices pay careful attention to market trends.

/9599

CSO: 4020/149

FOREIGN TRADE AND INVESTMENT

ELECTRICAL APPLIANCE EXPORTS NOW REVENUE EARNER

OW261138 Beijing XINHUA in English 1045 GMT 26 Dec 85

[Text] Beijing, December 26 (XINHUA)--The Chinese electrical appliances industry, which used to depend on foreign imports, earned 400 million U.S. dollars in export sales during the period of Sixth 5-Year Plan.

Liu Liexun, chief of the electrical appliances section of the Ministry of Light Industry, told XINHUA that the industry no longer depends on foreign imports and can now export many of its products such as electric fans, irons, stoves, lamps, refrigerators, and washing machines.

Many of the export products are by now well-known for their good quality and reasonable prices, Liu said.

He said that great progress had been made in the industry because the living standard of the Chinese people had improved.

The estimated production of washing machines in 1985 is nine million, 35 times the figure for 1980, while that of refrigerators is 250,000, a 23-fold increase over 1980.

/9599

CSO: 4020/150

FOREIGN TRADE AND INVESTMENT

PLANNED MEASURES TO RAISE ELECTRICAL MACHINERY EXPORTS

HK200831 Beijing CHINA DAILY in English 20 Dec 85 p 2

[Article by staff reporter Xie Songxin]

[Text] China will make great efforts to step up exports of electrical machinery in the coming 5 years, according to a vice-minister of the Ministry of Machinery Industry.

Addressing a managers' conference of China National Machinery and Equipment Import and Export Corporation which ended yesterday in Beijing, Zhao Mingsheng cited several measures that will be taken next year.

Machinery manufacturers are to be closely linked to foreign trade departments at all levels he said. Foreign trade departments will provide information on world markets, and act as agents for manufacturers.

Purchasing and selling machinery in world markets will be gradually expanded beyond trade departments to allow manufacturers direct access to foreign partners.

Major machinery producers are to be designated export producing centres, with accompanying State subsidies. Their machinery exports will be given top production priority.

Management of businesses at all levels in the machinery export field will be co-ordinated to tap full potential, Zhao said.

Overseas organizations are to be enlarged and their staff members better trained. Besides providing market information to domestic manufacturers, the organizations will also promote China's high quality products.

The State will organize more exhibitions in foreign countries, Zhao said, and publish more foreign-language magazines to inform foreign businessmen about Chinese-made machinery.

He Hekai, deputy general manager of the corporation, told CHINA DAILY that the State Council last October issued a document calling for stepped-up machinery exports. This month, the council established the Electrical Machine Products Export Office.

The corporation has exported \$1.5 billion worth of machinery the past 5 years, he said. Its products go to the Hong Kong area and to 127 countries.

/ CHAIRMAN OF CORN EXPORTS COORDINATION ASSOCIATION INTERVIEWED

Beijing GUOJI SHANGBAO in Chinese 17 Oct 85 p 2

["Corn Exports Must Be Well Coordinated--Interview of Zhu Jinchang [2612 2516 2490], Chairman of China Corn Exports Coordination Association"; date and place not given]

[Text] Correspondent: Chairman Zhu, the China Corn Exports Coordination Association was formed in Beijing on May 11. Please tell me something about its characteristics and guiding principles.

Zhu Jinchang: Corn is a bulk commodity in international trade. Relatively speaking, this commodity has a stable market with definite sales channels and customers. On the world market, corn transactions are handled by some "food magnates" who are well informed, resourceful, specialized and who enjoy a certain monopoly. Such transactions cannot possibly be handled by ordinary customers or small traders. In order for our corn to be exported at a reasonable price, the units authorized to export corn must be united in dealing with foreigners. This is the primary purpose in the establishment of the China Corn Exports Coordination Association.

This association is not an official organ, but rather a trade organization. However, it is entrusted by the Ministry of Foreign Economic Relations and Trade with the task of coordinating the pricing and marketing of China's corn exports and regulating the activities of the association's members according to the state's corn exports plan. In this sense, the association is a very important organization in this trade with the authority of coordination and supervision. It is a nonprofit organization and does not sign any contract directly with foreigners.

The forming of associations for united action toward foreigners is a very old practice in foreign countries. Many countries in the world have export associations or councils similar to China's Corn Exports Association.

Correspondent: Article 1 in the "Notice from China Corn Exports Association" (see front page of our October 14 issue for details. Hereinafter "Notice" for brevity), refers to exported corn "regardless of its color, grade and use." These remarks are easy to understand; but how about "regardless of the mode of trade and the selling market"? Please clarify.

Zhu Jinchang: All transactions, regardless of whether they are cash, credit or barter, and the location of sales, are subject to coordination by the association, and there can be no exception whatsoever. In other words, bulk commodities for exports must be highly centralized. This is what we have learned from practical experiences of the past several years.

Correspondent: Article 2 in the "Notice" says that corn exports are included in the state's plan, which is a mandatory plan. I believe this means that the state exercises macroeconomic control through planned control and that the mandatory plan should be carried out by the enterprises dealing in exports. Am I right?

Zhu Jinchang: You are right. Ours is a socialist country in which planned economy plays the leading role with the market's regulative role in a subordinate position. Planning is the main basis of macroeconomic control, and without the state's mandatory plans, there can be no macroeconomic control to speak of. The flexibility of microeconomy means flexibility under macroeconomic control; otherwise, it would be difficult to prevent flexibility from turning into disorder.

Correspondent: There is another question about Article 2. According to it, corn must be exported by the enterprises following the export plan and these enterprises must also be members of the association exclusively. In other words, does it mean that those who do not follow the export plan and are not members of the association cannot export any corn?

Zhu Jinchang: It can be so interpreted. In other words, not all enterprises can export corn. Only the enterprises who are authorized to deal in exports, have accepted the task as required by the export plan, and are willing to join the association and to abide by its coordination, can export corn. Even though some enterprises are authorized to carry out exports, we still have to see if their approved scope of operations include corn exports. This is the primary qualification for association membership. They cannot export corn without this membership even though they are so authorized.

Correspondent: Is there any specific regulation about this?

Zhu Jinchang: Yes, there is. According to Article 4 in the "Notice," any enterprise intending to export corn must apply to the Ministry of Foreign Economic Relations and Trade for an export permit. The procedure is as follows: The export contract and the relevant documents must be submitted to the association for examination. If the export is consistent with the association's coordination plan, the association will affix its seal, and then the application will be accepted by the ministry for processing. The permit will be issued provided no evidence of contravention to the rules and regulations of the ministry is found.

Correspondent: Chairman Zhu, since you have taken so much of your valuable time to answer my questions, let me thank you and wish your association every success on behalf of our concerned readers.

Zhu Jinchang: With strong support from various quarters, we are quite eager to make our work a success in the way of coordination, consultation and other services.

BRIGHT PROSPECTS FOR EXPORT OF WOOD PRODUCTS

Beijing GUOJI SHANGBAO in Chinese 26 Sep 85 p 2

[Article by Xie Hairen [6200 3189 0088]: "Nation Develops Wood Products Export Trade"]

[Text] At the nation's first wood products trade fair recently held in Guangzhou, Su Wanju [5685 5502 5112], assistant general manager of the China Wood Products Import and Export Co, pointed out in an interview with reporters that the situation regarding the export of our lumber and wood products was favorable, that there was an abundance of a wide variety of trees, that there was a large demand in the market, that prices for such products were on the rise, and that the future promised well for the export of our wood products. He appealed to all departments concerned to direct their attention to the situation so that wood products might soon become major export commodities and that more foreign exchange might be earned to promote our four modernizations projects.

In recent years, we have been importing a large amount and exporting a small amount of lumber. Although the United States imports wood products amounting to \$2.8 billion annually, we export only several hundred thousand dollars' worth of wood products to the United States. Therefore we must direct our attention to increasing the export amount of lumber and wood products. It was for that purpose that the China Wood Products Import and Export Co was established.

Facts indicate that there is a large international market for wood products, especially fiberboard, nonnodal wood and wood chips, products which we are well able to supply. Recently, a large transaction was made by representatives sent by the China Wood Products Import and Export Co on an investigation and negotiation trip to Japan. A paper factory in Japan, which used to buy wood chips of coniferous trees, has changed to using wood chips of broadleaf trees, thus offering an excellent export market for the various areas in southern China in which broadleaf trees abound. According to Japanese sources, Japan imports 3.85 million tons of wood chips at \$80 per ton from Australia every year. There is therefore a potential for the export of the product from China. There is also a considerable market in Japan and the United States for our wooden chopsticks and popsicle sticks. Businessmen in Japan have expressed interest in buying from us such products as they consider competitive.

Both the southern and northern parts of China abound in a variety of lumber resources. Although the northeastern region produces an assortment of hardwood trees, full use has not been made of them. Some is being wasted and even used as fuel. Guangdong Province produces a variety of broadleaf trees. If we would import economical and rapid-growing eucalyptus trees, Leizhou Peninsula alone can produce a large amount of that variety instead of rubber trees which need to be replaced. Although less than prepossessing in appearance, such trees can be processed into wood chips and other wood products to earn large amounts of foreign exchange. On the basis of our present lumber resources, we are fully capable of developing such commodities as wood chips, fiberboard, shaving boards, decorative adhesive boards, teak and teak products, popsicle sticks, chopsticks, toothpicks, assorted hardwood products, high-quality sawn wood (nonnodal wood), wooden trays, tung wood and tung wood products.

9621/13045

CSO: 4006/158

FOREIGN TRADE AND INVESTMENT

INTEL OF U.S. INVOLVED IN PRC MODERNIZATION

OW051652 Beijing XINHUA in English 1524 GMT 5 Dec 85

[Text] Beijing, December 5 (XINHUA)--Chinese Vice-premier Li Peng today met Laurence R. Hootnic, vice-president of Intel, America, and Chao Kuang Piu, chairman of the Hong Kong Novel Precision Machinery Co Ltd.

Intel is internationally known for its semi-conductor integrated circuits and microprocessors.

Li Peng noted that over the past year or so cooperation between the Chinese Aviation Industry Ministry and Intel has been constantly expanding.

It was learned that Intel products have been applied in China's hydropower station remote-control systems and coal mine security alarm and communications systems.

Ki said China's electronics industry is still at an initial stage. The key tasks now facing the industry are the manufacture of microprocessors and components, and their applications.

He expressed the hope that Intel would increase its cooperation with China in development and application.

Mo Wenxiang, minister of the aviation industry, was present on the occasion.

Yesterday the two visitors attended the opening ceremony of the new Intel liaison office in Beijing. They also reached an agreement of intent with leading members of the Chinese State Education Commission on helping computer departments of China's universities to set up development system laboratories and training centers, with preferential treatment.

/8918

CSO: 4020/148

FOREIGN TRADE AND INVESTMENT

SUCCESS OF CHINA'S JOINT VENTURES OVERSEAS REPORTED

Beijing GUOJI SHANGBAO in Chinese 17 Oct 85 p 2

[Article by Dai Xiaoxia [2071 2556 7209]: "Good Economic Results for Most of China's 140 and More Joint Ventures Overseas"]

[Text] Up to now, China has 144 enterprises--either joint ventures or enterprises with exclusive Chinese capital--in 34 countries and regions with a total investment of \$239 million. The establishment of more than 300 other joint ventures is now under negotiation. This was what Vice Minister Wei Yuming [7614 3768 2494] of the Ministry of Foreign Economic Relations and Trade said at the first conference on the work of joint ventures overseas held recently.

In recent years, more than 90 percent of the joint ventures set up abroad by China have produced good economic results. The 13 projects undertaken jointly by China and foreign countries for the development of such resources as forestry, fishery and mining have already shown initial success. In the first half of this year, more than 500,000 cubic meters of timber has been transported back to China. China has also signed agreements and contracts of cooperation with Senegal, the United States, Sri Lanka and four other countries, and organized its first ocean-fishing fleet for fishing in several countries' territorial waters. China has also set up joint ventures abroad for industry combined with foreign trade. These enterprises are now serving as a bridge for importing advanced foreign technologies and increasing exports. For example, the Beijing No 1 Machine Tool Plant and a Hong Kong trader jointly bought a digital-control machine-tool plant in the United States. China now can train its personnel in digital-control technology and promote the export of its common machine tools. China has formed 19 international engineering corporations jointly with foreign countries, signed contracts of cooperation in construction projects, and undertaken engineering projects abroad. These activities have helped China enter foreign countries and develop business undertakings. Furthermore, China has established 13 joint-venture Chinese restaurants in 10 foreign countries. The cooking techniques and tasty dishes have received praise.

The focus of development of China's joint ventures with foreign countries during the period of the Seventh 5-Year Plan is as follows: development of natural resources, importation of advanced technology and equipment, promote and encourage the export of products and labor service, and tap new sources for contracts.

BRIEFS

LOAN TO NINGXIA--The Ningxia International Economic and Technical Cooperation Meeting was held 15 to 25 September in Yinchuan. The purpose of the meeting was to strengthen economic cooperation with various countries in the world in general and with the Islamic nations in particular, to attract foreign capital and to achieve joint development. Announced at the meeting were 117 mutually beneficial projects of cooperation. The various import and export companies in Ningxia, the Islamic International Economic and Technical Cooperation Co, the Islamic Trust and Investment Co, and businessmen from various parts of the world engaged in a wide-ranging and friendly exchange of views. By the conclusion of the meeting, 86 items of business had been discussed and 6 contracts, 7 agreements, and 7 letters of intent had been signed. The center of attention at the meeting was the agreement to import \$200 million from the Islamic nations in the form of loans, most of which is to be used for the expansion or construction of 7 large-scale projects capable of developing to good advantage Ningxia's resources. This cooperative project is in the process of further discussion. Discussions on the import of advanced technologies from abroad also yielded notable results. Transactions concluded at the meeting could amount to \$10 million. Among the larger items are cooperation projects concluded with the Ke-Ruo [phonetic] Engineering Corp of Switzerland and the Ji Xie Co of Hong Kong to import advanced technology and equipment capable of producing annually 20 million tons of long-weave polyester silk. In addition, the Ningxia Autonomous Region also took advantage of the meeting to conclude a number of contracts and cooperative labor agreements, among which as an agreement for the joint establishment of a factory for the manufacture of construction materials in Egypt, and one for the supply of technology to the Sudan to put its deserts to good use. [Text] [Beijing GUOJI SHANGBAO in Chinese 26 Sep 85 p 1] 9621/13045

SHODDY IMPORTS--Since the beginning of the year, Zhejiang Province has imported from Hong Kong 135,000 electron guns which proved to be of poor quality. Through joint efforts made by the concerned departments, the foreign traders have recently admitted their fault, agreed to replace part of the products, and offered to pay compensation for financial losses incurred. In January of this year, the Hangzhou Communication Equipment Factory imported 25,000 electron guns for producing television picture tubes from the Hong Kong Zhengda Trading Co. Upon inspection, it was discovered that the gun barrels were bent, causing the tubes to produce distorted pictures, that the welding marks clearly indicated that they had been returned for repairs and that the substandard rate reached as high as 46.8 percent. Whereupon, the importer demanded compensation from the foreign exporter. In early September, representatives of the

importer came to Hangzhou to inspect the products on the spot and to discuss the question of compensation. Following the inspection of the products, the representatives admitted the substandard quality of the electron guns and agreed to replace 18,826 of them. Meanwhile, the No 2 Television Factory in Hangzhou also discovered similar defects in 60,000 electron guns imported from the same company in Hong Kong. After a certificate had been issued by the commodities inspection department in support of the demand for compensation, the exporter also agreed to replace 42,000 of the product and to offer an additional 3,800 electron guns as compensation. At the same time, another company in Zhejiang also imported 50,000 electron guns from the Wanyue Co Ltd in Hong Kong. Upon inspection, even more serious defects, such as the inadequate firing power of the guns, the leakage of electricity in the filaments and cathodes, and the short-circuiting of the electrodes, were discovered. Following negotiations, the exporter agreed to take back the entire consignment. [Text] [Beijing GUOJI SHANGBAO in Chinese 26 Sep 85 p 2] 9621/13045

JOINT VENTURES--Since adoption of the open door policy by the state, Tianjin has been developing projects involving economic and technical cooperation with foreign countries at a rapid pace. By the end of the first half of the year, it has approved investments had by eight overseas enterprises totaling over \$6 million and domestic enterprises amounting to over \$3 million. Feasibility studies are being made on over 10 projects involving an investment of some \$9 million, of which over \$3.9 million will be invested by the Chinese side. The largest investment in joint ventures comes to over \$1 million, while the smallest comes to only a little over \$100,000. These investments involve over 10 businesses, including welding electrodes, bicycles, electronic watches, shoes, seasoning for nonstaple foods, matrices, breeding, transportation and clothing. Among the countries and regions involved are the United States, Canada, Ethiopia, Yemen Arab Republic, Japan, Pakistan and Hong Kong. Some of these joint ventures have already begun operations and achieved favorable economic benefits. The Hong Kong Tianyihua International Co Ltd, for instance, which begun operations 5 months ago, has already made a profit of HK\$800,000. The special features of overseas enterprises in Tianjin are that some 65 percent of the joint ventures involve the regions of Hong Kong and Macao and the developing countries, that the developing countries are mostly involved with investments in the light industries by supplying technologies and equipment, while the economically developed countries are interested primarily in investing in new technological and food and beverages industries. Most of the investment in the new technological industries is in the form of cash, while most of that in the food and beverages industry concerns the supply of traditional Chinese culinary techniques. [Text] [Beijing GUOJI SHANGBAO in Chinese 26 Sep 85 p 2] 9621/13045

TOURIST COMPANY FORGES TIES--Beijing, December 25 (XINHUA)--The China Swan International Tourist Company was launched here today to offer, among other things, specialized services such as enjoying rural life and Chinese cuisine. The company, with the China National Nonferrous Metal Industry Corporation as its backing, has forged business ties with travel agencies in Australia, North America, Europe, Japan, Hong Kong and Macao. [Text] [Beijing XINHUA in English 1624 GMT 25 Dec 85 OW] /8918

JIANGSU EXPANDS INVESTMENT ZONE--Nanjing, 19 Dec (XINHUA)--The Jiangsu Provincial Government has expanded its economic development zone by approving the opening of 29 satellite towns to foreign investment. A government official said here today that the satellite towns will join the three major cities of Suzhou, Wuxi, and Changzhou, and the 12 county towns and a district under their jurisdiction as part of the new development zone. The satellite towns in the 12 counties have mainly rural industries. The total industrial output value of most of these towns exceeds 100 million yuan a year. [Text] [Beijing XINHUA in English 1030 GMT 19 Dec 85] /9599

FOREIGN FUND UTILIZATION--This year, the 4 SEZ's and 14 coastal open cities have made better progress than ever before in the use of foreign funds and the importation of advanced technology. In the first half of this year, Shenzhen, Zhuhai, Xiamen and Shantou signed 406 contracts on joint ventures. The foreign traders invested \$939 million, of which \$161 million were actually used. Since their establishment, these four SEZ's have signed more than 4,400 contracts of some \$5 billion in value, and the actual investment was nearly \$1 billion. In the last 12 months, and 14 coastal open cities transformed more than 2,170 old enterprises--including some 600 in the first half of this year--with their imported technology, and 234 of them have been completely transformed. In the first half of this year, these 14 cities signed 483 new contracts and agreements involving a foreign investment of \$790 million. [Text] [Beijing GUOJI SHANGBAO in Chinese 21 Oct 85 p 2] 9411

PHONE COMPANY BEGINS PRODUCTION--Shanghai--Shanghai Bell Telephone Equipment Manufacturing Co began official production here on Monday after months of trial operation. The company is a joint venture between China and Belgium. Yang Taifang, minister of telecommunications, said the company is a significant step in improving communications in the country. P. D'Honpt, a special representative of the Belgian Government, said the advanced factory is evidence of growing economic ties between China and Belgium. The 170 million yuan joint venture project, with the Chinese side holding 60 percent of the shares, will manufacture S1240 digital telephone switching equipment. The company is housed in a renovated nine-storey building. Another seven-storey adjunct is under construction for manufacture of parts and printed circuit boards. The new plant is expected to turn out 11,000 lines in the last quarter of this year. Next year it is expected to produce 14,000 lines, the general manager said. [By staff reporter Zhen Fan] [Text] [Beijing CHINA DAILY in English 18 Dec 85 p 2 HK] /8918

JIANGSU OVERFULFILLS EXPORT TARGET--Nanjing, 26 Dec (XINHUA)--Jiangsu Province has exported more than 1.5 billion U.S. dollars worth of goods so far this year, overfulfilling the annual target. This is nearly six percent more than the same period of last year, according to local authorities. [Text] [Beijing XINHUA in English 1124 GMT 26 Dec 85] /9599

SHANDONG COTTON EXPORTS--Jinan, 26 Dec (XINHUA)--Shandong Province's cotton exports this year had reached 81,500 tons by December 20, surpassing the year's quota ahead of time. The province earned over 120 million U.S. dollars through cotton exports, a provincial official noted here today. The province's cotton has been sold to countries and regions in Southeast Asia and Eastern Europe. It is also entering markets in Western Europe and South America, he added. [Text] [Beijing XINHUA in English 1431 GMT 26 Dec 85] /9599

CSO: 4020/150

LABOR AND WAGES

JOB PLACEMENT IN GUANGDONG WILL REACH 1.7 MILLION

Guangdong NANFANG RIBAO in Chinese 27 Sep 85 p 1

[Article: "New Job Placements in Cities and Towns in Guangdong Are Expected To Reach 2.7 Million"]

[Text] The work of job placement in Guangdong has made significant gains during the Sixth 5-Year Plan period. New job placements in the cities and towns are expected to reach 2.7 million, at an average rate of 540,000 per year.

The work of job placement in the cities and towns in Guangdong in recent years is marked by two major features. First, in seeking to implement the state centralized planning and guidance, the labor departments have, in their work of job placement, voluntarily adopted the policy of establishing a link between those awaiting job placements and those who apply for jobs on their own. More and more of those seeking jobs in the cities and towns, instead of waiting passively to be placed, are making positive efforts in finding jobs by themselves. Aside from those who have acquired new jobs through centralized assignments by the state, some 30 percent of the 1.3 million who have been placed in the cities and towns are working in various units of state enterprises, while some 70 percent have been assigned to various units of collective enterprises, jobs of a temporary nature, and individual enterprises. Second, there has been a rapid increase in the number of people employed in the growing tertiary industries. It is estimated that by the end of the year, 3.84 million workers in the cities and towns will have been employed in tertiary industries, showing an increase of 34.2 percent compared to 1980. Among those so employed, the rate of increase is most rapid in the service trades most closely related to the peoples' daily life. It is estimated that by the end of 1985, 1.63 million will have been employed in commercial enterprises, the food industry, and service trades, showing an increase of 43.3 percent compared to 1980.

At the moment, the rate of those awaiting employment in the province is somewhat lower than that of the nation as a whole. In some of the more economically developed cities, the problem of employment has been essentially resolved.

As the employment situation improves, the proportion of people working in the cities and towns has risen. The number of people supported by each worker has dropped from 1.71 in 1981 to 1.68 in 1984. In addition, wages have risen in recent years so that the real income of the workers has shown an increase after making allowances for increases in commodity prices.

9621/12828

CSO: 4006/132

LABOR AND WAGES

CHILD LABOR PROBLEM IN RURAL ENTERPRISES MERITS ATTENTION

Beijing ZHUANYEHU JINGYING BAO in Chinese 21 Sep 85 p 6

[Article by Lu Shaoqing [0712 4801 3237]: "The Problem of Child Labor in Rural Enterprises Calls for Attention"]

[Text] With the development of the commodity economy and readjustment of the structure of the industries, there have emerged an increasing number of small enterprises in the rural areas. While that is all to the good, the employment of child labor by rural enterprises in certain areas is a problem that merits our attention.

The household industries in Jinxiang Township of Zhejiang's Cangnan County, which are relatively developed, employ some 700 children from peasant families between the ages of 10 and 15 as helpers each day. They are employed in the manufacture of aluminum nameplates, printing, plastic products, trademarks for polyester fibers, etc. Most of them work between 10 and 12 hours each day and some as much as 12 to 16 hours. The pay at 1 yuan per day is extremely low and working conditions are deplorable.

There are three major reasons for the employment of child labor. First, most of the household industries involve a simple type of labor that does not call for a high cultural and scientific standard, and most of the equipment is small machinery that can be operated by children. Second, children are paid as little as one-third the amount for adults; they follow orders more readily and can be made to do such household chores as cleaning and cooking for their employers. Third, there is an ample supply of child labor in the vicinity. Most of the people in the rural areas in the vicinity of Jinxiang Township are engaged in one-crop farming. Because of their low income and difficulty in supporting their families, they are not averse to letting their children go out to earn some money.

In the development of the rural economy, child labor is a problem that merits the attention of the various parties concerned. Since they are at a growing and developing stage, children should not be allowed to engage in too many hours in the type of work that requires intensive labor or that is of a toxic nature. Furthermore, teenagers are at a crucial stage in their intellectual development and should not be taken out of school and the learning process at too early an age. Even if they should grow up to be peasants, they would find it difficult to meet the demands of modernized agriculture. For this reason, we should look at the problem from the long-term point of view and adopt the necessary measures to bring about its solution.

TRANSPORTATION

STEPS FOR IMPROVING TRANSPORTATION OUTLINED

Tentative Plans

Beijing ZHONGGUO JIAOTONG BAO in Chinese 31 Aug 85 p 2

[Article by Zhang Jinhua [1728 6855 5478] Chief of the Fujian Communications Department: "Tentative Plan for Fujian Transportation Reform"]

[Text] In the last few years, transportation in Fujian has developed vigorously. It has been characterized by changing from being closed to being open and public, from stressing inland transportation to giving play to the advantages of ocean transport, from being a congested system to one that is relaxed and lively, and from being singly managed to having everyone involved.

At the present time, Fujian's transportation is still a weak link in the national economy. There are few deepwater harbor docks, its freight-handling capacity is not sufficient, and there is pressure on ships and harbors. Highway standards are low and other roads are only half that level. Inland water routes lack overall administration and navigable mileage has decreased. Speeding up development of transportation facilities is restricted by the factors of funds, materials and qualified personnel.

In accordance with the spirit of the National Communications Work Conference and the guiding ideology of "reform, develop, transform and serve" proposed by the provincial government's standing committee, the four aspects of "establish, change, separate and relax" has been stressed in Fujian transportation reform.

The "establish" aspect is establishing a mental attitude of serving the people wholeheartedly and stressing the primary importance of service, travelers, cargo owners, and reputation while also being resolute in stopping brutal loading and unloading, rudeness to passengers, and uncivilized habits. This aspect also covers putting an end to disorderly handling of checking, payment, and fines, and also the prevention of damage to cargo, injury to passengers, and unhealthy tendencies that encroach on the interests of individual transportation households. Throughout the reform process we should emphasize social benefits and a national sense of responsibility.

"Change" represents the realization of "two changes" to enhance administrative supervision of communication. From now on the principal duties of the departments responsible for communication will be to first bring about management of the industry, to rely mainly on general and specific policies, communication laws and regulations, and information contacts, and also to emphasize planning, coordination, supervision, and service. Second, they will be responsible for constructing facilities for a good communication base, emphasizing construction of roads, bridges, harbors and river control.

"Separate" is the separation of responsibility for management from enterprise, having centralized management and dynamic enterprise. Units that have these two aspects combined should gradually carry out separation of management and enterprise or separation of the responsibilities for these. The communications sector should strengthen centralized management. We intend to adopt the method of separate management of water and highway transportation by appropriate departments, and set up separate management organizations. The province will establish a harbor navigation bureau to carry out designated management of harbor affairs and internal waterway affairs throughout the province. The Provincial Shipping Management Bureau and the Provincial Steamship Co. will be separated, with the management bureau being dissolved and the Steamship Co. becoming an independent economic entity. Ports will set up organizations based on city administered areas to handle harbor affairs and implement a system of "dual leadership stressing cities as the principal unit." Designated management will gradually be carried out on highway transportation, with vehicle inspection, communication management, and supervision of transportation being combined in a "three-in-one" system.

"Relax" is first the continued relaxation of policies to invigorate transportation, and the implementation of policies that create a diversified economy and encourage competition while also supporting areas and departments in developing their transportation capability and aiding individual transportation businesses. Second, it is to arouse enthusiasm in all areas, speed up transportation construction, and encourage construction of cargo wharfs and specialized highways; to continue the policy of run by the local people, subsidized by the state, having laborers work on public projects, encouraging the peasant masses to raise funds for building roads and bridges, harnessing small rivers, and constructing small docks; and to free ourselves from old ideas and broaden channels for raising funds. In addition to the state's appropriate measures of increasing its investment and raising highway and river fees, we should also adopt methods such as getting loans for construction and repaying them with collected fees, and using investments from overseas Chinese, foreign funds, and joint funds for construction.

Southern Fujian Triangle

Beijing ZHONGGUO JIAOTONG BAO in Chinese 31 Aug 85 p 2

[Text] The Southern Fujian Triangle is located along the southern coast of Fujian. The State Council has approved the 11 counties under the

jurisdiction of Xiamen, Quanzhou, and Zhangzhou becoming an open economic area. This area has a 1,600-km coastline with 19 harbors, of which Xiamen and Quanzhou are open to foreign countries. The Xiaocuo Harbor in Meizhou Bay, located in the area's northern part, has a deepwater berth 2.5 km long; a 10,000 ton class dock for various goods is currently under construction. The area has well-developed highways with 5,500 km open to traffic. Each 100 square km of area has 40 km of highway, and the area's towns and 85 percent of its villages are accessible by vehicle. Construction has already begun on the Xiamen to Zhangzhou section of a class I highway to be built in the southern areas of Fujian, Jiangxi, and Hunan. The area is currently linked up by the Yingxia Railroad. Work on a railroad between Zhangzhou and Yuanzhou is in full swing, and another is planned to be built between Zhangzhou and Shantou. Xiamen International Airport has started scheduled flights to the Philippines, Hong Kong, Japan, Fuzhou, and Beijing.

12704/9738

CSO: 4006/178

TRANSPORTATION

FUTURE HIGHWAY CONSTRUCTION IN SHANDONG DISCUSSED

Beijing ZHONGGUO JIAOTONG BAO in Chinese 4 Sep 85 p 1

[Article by Zhao Weiwu [6392 3634 2976], Director of the Communications Department of Shandong Province: "Highway Construction Should Proceed From Actual Conditions and Be Carried out According to Capabilities"]

[Text] Shandong's highway mileage ranks 11th nationally while its population density is the third highest in the nation, this situation is not suitable for developing the national economy. Therefore, accelerating the pace of highway construction and changing the backward situation of highway transportation has become an extremely urgent task confronting us.

Highway construction should be speeded up but it must proceed from actual conditions and be carried out according to capabilities, we cannot ignore the conditions of financial and material resources and just arbitrarily build projects. In view of this thinking, we have decided to concentrate our strength and funds, and stress construction of strategic main highways that are of overall importance. At the same time, we will adopt active measures to improve highway traffic in rural and mountainous areas. During the period of the Seventh 5-Year Plan, Shandong will stress highway construction in economically developed areas, carry out a combination of reform and new construction, with reform as its main policy, and raise highway technology. Technical reform will be carried out in a planned way on highways for transportation out of energy-source areas, highways to ports and for opening traffic to cities, main public highways and highways branching out from railways, and main city entrance and exit highways; highway construction for poor areas will also be stepped up. It is estimated that by 1990 highway traffic capacity throughout the province will be more than double the capacity of 1980, basically allowing through traffic to all the province's rural areas and small towns.

Enthusiasm for road construction is high throughout the province, causing a road construction craze to emerge, which is good. Still, some areas have planned too many road construction projects, and some county rural roads have been started without adequate planning, as a result of the momentum generated by the uproar over road construction. In order to give proper guidance to the present road construction craze, a provincewide road construction and maintenance work conference was held in April of this

year at which we requested leaders at all levels to maintain a clear head, and on the basis of research results and the plan for needed and feasible road construction, to first work on projects already planned and to delay projects not on the plan. For projects already on the plan, they are to do them in order of importance, do the construction in stages, not start a new section until work is finished on the one they are currently working on, and to make sure everything is completed on it. This will allow proper play to be given to benefits from the new or rebuilt highways.

Some reporters have asked if Shandong will build expressways. Expressways are the fundamental facility of modern transportation, and based on the conditions of other countries, one expressway has the transport capacity of five railroads, so its advantages are obvious. But since our country has limited financial and material resources, we cannot meet the construction requirements of an expressway. Therefore, for the time being Shandong does not plan to build an expressway. In order to solve Shandong's transportation problem, we are prepared to concentrate our strengths and funds, and at the same time we are rebuilding our main highway routes we will also build some new high-grade main highways, and raise the quality, class, and traffic capacity of highways. During the period of the Seventh 5-Year Plan, we are prepared to first build a high-grade class I highway from Jinan to Qingdao. By the end of this century all of Shandong's 13,500 km of highway will be made into class I or class II highways.

12704/9738
CSO: 4006/178

TRANSPORTATION

CAUSES, SOLUTIONS FOR HIGHWAY ACCIDENTS OUTLINED

Beijing ZHONGGUO JIAOTONG BAO in Chinese 11 Sep 85 p 1

[Article by Liu Zhangshi [0491 4545 1102], Communications Bureau Director, Zhoukou Prefecture: "Causes, Solutions for the Excessive Number of Accidents Currently Occurring on Highways"]

[Text] During the first half of this year, Zhoukou Prefecture experienced a large increase in transportation accidents in comparison to last year, and it has now become a glaring problem of public safety. Why have there been so many transportation accidents in the last few years? Through investigation we have discovered several causes which are listed below.

1. The vehicles on the roads exceed traffic capacity and all types of vehicles are intermingled. Most of Zhoukou Prefecture's main highways have a planned traffic capacity of from 300 to 500 vehicles for each 24-hour period. In the last few years motorized vehicles have increased a great deal; 12 main highways have an average daily traffic flow of between 800 and 1,500 vehicles, and among these there are a few main artery highways that have a daily traffic flow of between 2,400 and 3,100 vehicles, and there are certain sections of highway that have a traffic flow as high as 10,000 vehicles per day. With cars, tractors, motorcycles, motor-driven three-wheeled vehicles, animal-drawn carts, and bicycles intermixed on the road, plus the highway's safety facilities being imperfect, serious traffic jams and disorderly traffic flow result.

2. There is a serious problem of vehicles breaking traffic regulations. Looking at the condition of 100 motorized vehicles randomly checked on various highways, almost all of these vehicles had violations, and some had multiple violations. Vehicles breaking traffic regulations have led to a large increase in traffic accidents. From January to May of this year, various motorized vehicle accidents caused the deaths of over 100 people, and the responsibility for these accidents rested on the drivers 53 percent of the time.

3. Government is setting up more checkpoints and there is confusion in traffic management. We checked Dancheng County and found 8 types of checkpoints. These checkpoints being operated by the Communication Inspection Department, Highway Administration Department, Road Maintenance

and Fee Collection Department, and the departments of Industry and Commerce, Tax Revenue, Agriculture Machinery, and the Department of Municipal Construction. In addition to these, Zhoukou also has checkpoints by the Offices of Public Safety, Municipal Administration, and Municipal Reorganization. Each time a transport vehicle makes a trip it must have over 10 permits, and after traveling only a few li must stop to be checked. If the vehicle is even slightly negligent it is detained and fined, which obstructs traffic and, blocks anyone from passing through.

4. There are too few inspection personnel and they are performing their duties poorly. In the last few years, the number of Zhoukou Prefecture's motorized vehicles has increased by 500 percent over that of 1979, while the number of inspectors has increased very little. On the average there is only 1 inspector for every 365 vehicles. Of the 140 inspectors throughout the prefecture, there are only three assistant engineers, two technicians, and four examiners.

5. The handling of traffic accidents is disorderly, unsystematic, and done in a careless and hasty manner. Currently, there is no single nationwide regulation for handling traffic accidents, even provinces, cities, and autonomous regions do not have a unified method. Because of its being disorderly and unsystematic, some inspection departments accept money to make concessions, which does not teach lessons to violators and does not change repeat offenders.

6. Safety education is very weak, especially in publicizing it to the masses walking close to highways. Some of these people do not understand traffic regulations, they do not differentiate between lanes and randomly walk all over, not giving motorized vehicles the right of way.

Based on these problems that exist in traffic safety, we believe the following measures should be adopted.

--Formulate a traffic regulation for the administration of roads. The state should quickly publish a "People's Republic of China Traffic Regulation" so the highway administration will have laws to rely on.

--Establish a traffic safety organization. The present Communication Inspection Department only has the power to supervise operators and vehicles. It does not have the power to subpoena or arrest criminal offenders that threaten traffic safety. This is not beneficial for doing a good job for public security in traffic.

--Increase the number of safety testing equipment. The Communication Inspection Department should be given equipment for vehicle-speed detection, blood alcohol content in a driver's, and for recording investigation data at the accident site.

--Improve highway technology and increase safety facilities. At main intersections, in accordance with technical requirements, single or tiered

intersection bridges should be installed. Protective fences, pedestrian islands, and warning lights should be installed at road sections that have heavy traffic and where there are many pedestrians. Safety signs should be installed along all classes of highways.

--Management of motorized vehicles and drivers should be enhanced. A contract responsibility system should be established for inspection personnel. Inspection personnel should understand how to conduct management during their daily safety guidance of vehicles and personnel on the roads.

--We should publicize traffic regulations and safety education. Courses on traffic regulations should be increased in middle and elementary schools, and broad use should be made of instruments of publicity, such as newspapers and radio and television broadcasts.

12704/9738
CSO: 4006/178

TRANSPORTATION

PROPOSALS RAISED TO REDUCE BEIJING TRAFFIC STRAIN

OW200728 Beijing XINHUA in English 0649 GMT 20 Dec 85

[Text] Beijing, December 20 (XINHUA)--Reducing unnecessary traffic is an effective and economical way to alleviate the strain on Beijing's transport, says the newspaper ECONOMIC INFORMATION.

The volume of Beijing's passenger transport is nine million passenger-journeys a day. There are 310,000 vehicles in the city.

At some crossroads, drivers can be delayed for an hour. So goods are delivered late, and people's time is wasted in travel.

With economic development and population growth, the volume of traffic has increased. But construction of roads and other facilities has been neglected for many years.

In this situation, it is impractical to increase the number of vehicles. That would only aggravate matters.

Only expensive, long-term construction projects (?would help to) solve the problem. But in the short run, traffic congestion can be relieved in the following ways.

Bulk truck deliveries--Before 1981, for example, enterprises individually went to Beijing's oxygen plant to fetch cylinders. Three hundred trucks would queue at the plant every day. Since the work was contracted to Beijing Transport Company, 15 to 17 trucks now handle it.

This simple step can be widely applied; the efficiency gains are seven-fold, the paper says.

Over the past five years, public trucks have not been used at full capacity. But the number of individual work units' trucks has increased 60 percent. This has resulted in excessive traffic.

A license plate tax and other methods should be used to control the number of trucks owned by work units and to support (?public) freight transport.

Using larger and more specialised vehicles--About 62 percent of the city's freight--such as building materials and coal--can be carried by large lorries. If the current average vehicle loading (?capacity) is increased from 4.9 tons to 11.5 tons, the number of trucks can be halved.

Night freight transport in the city proper--This makes fuller use of roads and alleviates traffic congestion. Trucks that must travel in the city by day should have timetables and set routes.

Reducing the volume of rubbish--Beijing environmental sanitation departments spend 2,400 trucks a day carrying away rubbish. If the city suburbs develop vegetable processing, the city provides coal gas to all its citizens, and more septic tanks are built, this traffic can be reduced.

Helping employees live near their places of work--Since 1975, Beijing Western City District Non-Staple Food Company has transferred more than 3,470 workers to new workplaces nearer home. Thus, 96 percent of employees who used to take a bus for distances more than an hour away daily have benefitted.

Combining the bicycle with public transport--A cyclist occupies more space than a bus passenger. Buses are often bogged down in a sea of bicycles. The slowness of the bus means more people opt for the bicycle--a vicious circle.

Relevant departments should set up bicycle parking areas near main bus shops and subway outlets to encourage people to ride bicycles and then transfer to public transport.

/9599
CSO: 4020/143

TRANSPORTATION

REDUCING SHIP CONGESTION IN PORTS

Beijing ZHONGGUO JIAOTONG BAO in Chinese 7 Sep 85 p 1

[Article by Li Changqing [2621 7022 7230]: "Further Reduce the Overwhelming Number of Ships at Anchor"]

[Text] Under the leadership of the State Council's Port Office, the Ministry of Communications formed four work teams headed by Minister Qian Yongchang [6929 3057 2490] and three vice ministers. On 5 September these teams left for four various ports, including Dalian and Tianjin, for on-the-spot handling of matters to further ease the problem of ship congestion.

Since May of this year, all harbors have had extremely serious problems with ship congestion. After several months of valiant struggle, some initial success of relaxing ship congestion was achieved. But due to a concentration of ships, ship congestion gradually became a serious problem again, and at the present time there are over 500 ships at anchor each day. In order to relax this situation, the Ministry of Communication's leading party group has decided that relaxing ship congestion will be one of its central goals to be worked on. Four work teams have been formed with Minister Qian Yongchang, and Vice Ministers Zheng Guangdi [6774 0342 6611], Lin Zuyi [2651 4371 0044], and Huang Zhendong [7806 6966 2639] acting as team leaders, and comrades from the State Council's Port Office, the State Financial and Economic Committee, and the Ministry of Railways participating in the teams. These teams have left for the ports of Dalian, Tianjin, Shanghai and Huangpu. The work teams held a meeting on the afternoon of 4 September where Comrade Qian Yongchang encouraged the teams to win over the support of the local municipal governments, have coordination in all areas, and to take an accurate look at problems that can be solved in the near future, and then to adopt decisive measures for them. Due to unusual conditions, we may need to adopt unusual measures for some problems in order to strive for reductions in the number of ships at anchor. At the same time we are working hard for short-term results, the work teams should also conduct investigations and studies to come up with ways of solving ship congestion in the future. Minister Qian Yongchang said, "Ports have already made great efforts to relax ship congestion, but we still need to adopt some necessary and feasible measures to improve management and administration, further tap latent power, and raise efficiency so new contributions toward easing ship congestion can be made.

12704/9738
CSO: 4006/178

TRANSPORTATION

TIANJIN PORT EXPANSION PLANNED OVER NEXT 5 YEARS

OW201306 Beijing XINHUA in English 1207 GMT 20 Dec 85

[Text] Tianjin, December 20 (XINHUA)--Tianjin is blueprinting the largest expansion of its port in the coming five years following completion of six deep-water berths between 1981 and 1985.

A port official said there today that the Tianjin port will build 12 berths of the 10,000 dwt class with state investment of 500 million yuan and 200 million U.S. dollars. This will enable the port to increase its handling capacity to 24 million tons upon completion.

The Tianjin port is an international trade port linked with 150 countries and regions. More than 2,000 Chinese and foreign ships call at the port every year.

According to the official, two berths for sundry goods and a container berth went into operation in 1981 and 82, and three container berths were approved by the state this month.

These berths add a combined handling capacity of 4,340,000 tons to the port, which is expected to handle 18.5 million tons of cargo this year, an increase of 6.5 million over 1980.

While building new berths, the official said, attention has been paid to upgrading the existing facilities.

A salt wharf is able to handle 3.2 million tons, up from 800,000 tons, after renovation, and the mechanized grain wharf can handle 3.5 million tons of grain a year, up from 2.1 million tons previously.

/9599

CSO: 4020/143

TRANSPORTATION

STEPS TO IMPROVE WUHAN RAILWAYS OUTLINED

Wuhan HUBEI RIBAO in Chinese 6 Sep 85 p 2

[Article by Song Guoqiang [1345 0948 1730], director, and Liu Zhijun [0491 1807 6511], party secretary, of the Wuhan Railway branch bureau: "Bold in Exploration, Determined in Reform, Revitalizing Railway Transportation"]

[Text] The Wuhan Railway branch bureau is located in the middle section of the Beijing-Guangzhou Railway, by the side of the Chang Jiang, which links the Pacific and Sichuan Province, and thus has the characteristics of superior geographical location in the heartland of China and being able to offer joint transportation by water and land. It plays the role of a center that links east and west, north and south China.

How can Wuhan Railway branch bureau, an 88-year-old enterprise, be revitalized to suit the needs of the development of economic construction? We are of the opinion that we must proceed from realities, take the road of reform, tap potential to raise results and strive to keep the main line really unblocked, hubs of communications swallowing and spitting fast, its "mouth" being able to swallow and its "stomach" being able to digest, so that the communications network can keep all parts of the country well linked.

In the past 2 years, we have mainly adopted the following "revitalizing" measures:

Break Up Vertical and Horizontal Administrative Blockage To Open Up the "Two Passes": Guangshui and Puqi are the Wuhan branch bureau's two stations bordering on other branch bureaus. In the past, because of the limitations of the boundary of railway bureau and branch bureaus and division of administrative areas, the two stations over a long period of time were bottlenecks and sometimes even completely blocked. After the Wuhan and Zhengzhou Railway bureaus were merged, old hauling locomotives were replaced and hauling zones were extended from 360 km to 602 km. Beginning last year, trains marshalled by the Wuhan marshalling yard can directly reach Luohe of Henan Province in the north and Chenglingji of Hunan Province in the south. In addition, transport organization was also readjusted and northbound empty trains do not make stopovers at Guangshui for checkup, which enables 58 pairs of trains to pass instead of the previous 47 pairs, thus increasing freight transport volume by more than 6 million tons.

Open Up Bottlenecks To Revitalize the Hub: The section between Hengdian and Xiaogan just north of the Wuhan hub used to be a bottleneck, which affected the handling capacity of the Wuhan hub. We found the problem and resolutely turned this section into a special operating zone which regulated the flow of trains. As a result, by adding one more locomotive, the whole line was revitalized. Hanshuiqiao Station, a junction of three lines within the hub, used to be a congested station because trains of all directions had to pass it. After many experiments, we adopted measures including changing the route of No 16 special express and speeding up traffic which improved traffic capacity.

Improve Service Methods To Relax "Three Difficulty" Contradictions: Wuhan is a supercity that projects a strong influence and has a strong attraction. It has become a transfer and distributing center for travelers and materials in central and south China. The "Three Difficulty" problem, i.e., difficulty in buying tickets, getting on trains and consigning for shipment, became increasingly prominent. We adopted such measures as adding both long- and short-distance trains and enlarging express trains, which enabled 1.44 million more passengers to be transported in 1984 and 1.2 million more passengers to be transported in the first half of this year alone. In the next half of 1985, we will enlarge 5 passenger trains, which are expected to transport 510,000 more passengers a year.

We are blazing a new trail in railway management, a trail which is twisted but has a bright future. As long as we emancipate our thinking, are bold in exploration and determined to reform, we will certainly be able to continuously tap our potential and revitalize railway transportation. The nearly 50,000 workers of the Wuhan Railway branch bureau are determined to make new contributions to making the country strong and people prosperous and to the construction of the four modernizations.

12974/12913
CSO: 4006/39

TRANSPORTATION

PRC AIRPLANE MEETS INTERNATIONAL STANDARDS

OW241219 Beijing XINHUA in English 1211 GMT 24 Dec 85

[Text] Beijing, December 24 (XINHUA)--The Yun-12 (2) 17-seat aircraft has become China's first domestically built plane meeting 'international standards.

After a final test in Beijing today, a panel of 50 experts declared that the aircraft met the safety and navigability standards followed in developed countries.

The aircraft, suitable for short distance passenger transport and geological surveys, was made by Harbin Aircraft Manufacturing Co., the second largest in China.

The company began developing the plane in 1980, using some imported technology.

Talks are now under way between China and some Southeast Asian and West European companies on sales of such aircraft on the international market, said company officials.

/9599

CSO: 4020/143

TRANSPORTATION

BRIEFS

AIRSHIP DEVELOPMENT COMPANY--Guangzhou, 19 Dec (XINHUA)--An airship development company was set up here this week. The company, made up of three science and technology companies from Guangdong, Jiangsu, and Zhejiang Provinces, will produce the airships in Guangzhou and Hangzhou before the end of next year. China's first airship, "Xihu," which was designed by Zhang Chuhong, had a successful test flight in May of last year. Airships are used for surveying, air seeding, forestry inspection, and transportation. [Text] [Beijing XINHUA in English 0844 GMT 19 Dec 85] /9599

CSO: 4020/143

CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

USSR BORDER TRADE ANALYZED

Beijing GUOJI MAOYI WENTI [INTERNATIONAL TRADE JOURNAL], in Chinese No 3, May-Jun 85 pp 42-48, 62

[Article by Song Kui [1345 7608]: "Analysis of Soviet Union's Border Trade"]

[Text] The Soviet Union has adopted various trade methods in order to accelerate the development of foreign trade. Border trade is one of these methods. Border trade refers to the trade mechanism between neighboring countries or to the trade carried out by residents between their borders (or coasts). Even though the Soviet Union's border trade accounts for a small proportion of total foreign trade, it holds a special place. It is flexible, convenient, varied and the speed of development is quite rapid. Border trade complements large-scale trade, improves the utilization rate of resources, promotes the development of industrial and agricultural production in the border areas and helps to meet border residents' needs for daily consumer goods. This article will discuss some simple opinions regarding the development, characteristics, function and development tendencies of the Soviet Union's border trade.

I. The Soviet Union's Basic Border Trade Situation

The Soviet Ministry of Foreign Trade has more than 60 import and export trade companies, 3 of which specially handle border trade: the Baku Eastern Soviet Trading Co (which has border trade with Iran); the Far Eastern Soviet Trading Co (which has coastal and border trade with Japan, Korea, China and Australia); the Leningrad Soviet Trading Co with Finland (which engages in trade with Finland and Norway). A brief introduction to the USSR's development of border trade with Finland, Japan, China, Korea and elsewhere follows.

In the fall of 1955, border trade was developed along the Soviet-Finnish border based on a proposal by the Finnish-Soviet Chamber of Commerce. A joint communique published in February 1957 proposed conditions for developing border trade between the two countries; there were new developments in the exchange of goods between them in 1958. The Leningrad Soviet Trading Co with Finland (originally the Leningrad-Finnish Import and Export Trade Office of the USSR) was formed in 1960. In the 20 years following the company's founding, the border trade figure increased more than 49-fold. The number of Soviet enterprises providing good to Finnish markets continuously increased since border trade developed, as did the number of Finnish companies that have agreements with the

USSR. There are now more than 280 companies and firms engaged in Finnish-Soviet border trade. Some medium- and small-size companies are active participants.

In June 1978 a special border trade work group was set up in the economic cooperation standing committees of the Soviet and Finnish governments. The group's tasks were to hold exhibitions, training courses and seminars and to study and manage border trade affairs. The Soviet members of the group were appropriate representatives from the Soviet Ministry of Foreign Trade, State Planning Commission and planning and economic departments from border trade areas. Finnish members included representatives from the Bank of Finland, the Ministry of Foreign Trade and governors of the three trading provinces concerned. At a Leningrad seminar in September 1978 they determined operational principles. Specific border trade methods were formulated based upon the long-term plan of the USSR and Finland to develop and strengthen economic trade and industrial and technical cooperation. In order to fulfill the plan for supplying goods, improve product quality and abide by the contracts signed with enterprises in Leningrad, the city's executive committee also established a special border trade development and promotion commission. Border trade by the Estonian branch of the Leningrad Soviet Trading Co with Finland was quite well organized. In certain respects, supplying goods to Finland was more profitable than to Leningrad.

The USSR's volume of trade from 1961 to 1965 was 20 million rubles. In recent years the figure has always been above 50 million rubles.

With reference to the USSR's main exports in border trade with Finland, they are timber, ginned cotton, cloth, textiles, metals and glass utensils, pottery, toys and souvenirs, musical instruments and sporting goods, building materials and food products. The Leningrad Soviet Trading Co with Finland purchases more than 200 kinds of goods, including piece goods, sewn goods, needlework, athletic goods, appliances and small hardware. In recent years the USSR's growing imports from Finland include machinery, equipment and packaging materials, while construction material imports have fallen. Among daily consumer goods, sewn goods are increasing while piece goods are falling.

In 1963, the Soviet and Japanese governments signed a trade payments agreement for the years 1963 to 1965. They also exchanged official documents regarding the development of coastal trade. Since then, coastal trade has been recognized by both governments and protected by law.

Soviet-Japanese coastal trade in 1963 was valued at \$1.3 million. By 1980 it exceeded \$100 million, an almost 76-fold increase.

The USSR's major coastal trade exports to Japan include timber, coal, crude oil, minerals and various aquatic products. The USSR imports from Japan textiles, needlework, boots and shoes, fruit, vegetables and other daily consumer goods and certain machinery, equipment, rubber products, electrical wire and other production goods that are in short supply.

The USSR and China have a traditional history of border trade. As early as 1700 border trade began. The Russians traded pelts and gold for Chinese tea leaves and sheepskins. In the 19th century Chinese engaged in practically every kind of business with the coastal provinces of the USSR and there were even more Chinese in Vladivostok. In 1903, after the Chinese Eastern Railroad was opened to traffic, there was a group of special businessmen who transported goods for sale between Suifenhe and Vladivostok and engaged in a small amount of border trade. At the time they were called "mountain-path runners"; at most there 14,000 of them. After new China was formed, during the Chinese-Soviet friendly period, a small volume of bartering was also done along the border. In 1957, the Soviet Khabarovsk Krai began border trade with Heilongjiang Province in China. A high tide was reached in 1959. During the 9 years from 1957 to 1966 border trade was equal to more than 145 million yuan. Border trade between the two countries stopped in 1968. In April 1982, the foreign trade ministers of both countries exchanged letters of affirmation and as of 1983 China's Heilongjiang Province engaged in border trade with the USSR's Khabarovsk Krai, the coastal border area and the Amur Oblast. Because of this China established the Heilongjiang Trading Co, specially responsible for border trade there. In November 1982 the company negotiated and signed the 1983 trade and bartering agreement with the Far East Trading Co of the USSR. Border trade between the two countries was 17.45 million yuan, of which China exported 8.45 million yuan and imported million yuan.

Heilongjiang Province's major exports to the USSR by way of border trade are canned pork, soy sauce, stitched cotton goods, thermoses and enamelware. The province imported timber, cement, plate glass, motor vehicles and refrigerators from the USSR.

In recent years border trade between the USSR and Korea has rapidly expanded. The USSR imports from Korea pig iron, high-tension insulated wire, hydrochloric acid, aluminum oxide, calcium carbide, vegetables, fruit, machine tools, inlaid facing bricks and cement. The USSR exports to Korea refrigerators, color TV's, edible oils, detergents and petroleum products.

II. Characteristics of the USSR's Border Trade

1. The USSR's imports and exports through border trade are balanced and trade is developed on the basis of clearing accounts. Both sides mutually benefit from imports and exports and each adjusts its surpluses and deficiencies. For example, Soviet Siberia and the far eastern area lack daily consumer goods so they import them from Japan, Korea and China. Japan's crafting, technical levels and output are quite high even though it lacks raw materials, so it really must expand its sales volume on the international market. Siberia and the far east are Japan's neighbors. Thus Japan trades its light industrial goods for the USSR's raw materials. Each supplies the other's needs. This is beneficial to both sides.
2. The USSR's border trade develops its regional superiority and has an ample supply of export resources, local industrial goods and native special products. The USSR takes note of goods that surpass plans and are overstocked. For example, the USSR's main border trade goods to Finland include timber, textiles,

glass utensils and porcelain produced in the area. Its main coastal trade goods to Japan include the Soviet far east's abundant timber, aquatic goods, ferns [juecai 5615 5475], jams and other special native products.

In its exports to Japan, the USSR also tries to export goods that are not needed domestically for certain reasons and that Japan wants to import. For example, the scrap from glossy spar beneficiation and timber processing.

3. The USSR's border trade business is flexible, varied and little affected by the political climate. Trade between the two countries is rather convenient and flexible because the participants in border trade are neighboring countries that are near to each other. As part of its border trade, the USSR has held exhibitions, sent delegations, advertised exports and used other methods that have had a positive role in promoting the development of trade.

The USSR has held many exhibitions in Maizuru, Toyama and Osaka in Japan to show its wares available by coastal trade. In 1967 at the Soviet booth of the International exhibit held in Niigata the Soviets specially exhibited exports available by coastal trade.

The timber-processing plant in Khabarovsk has held many coastal trade product shows. At the second coastal trade products exhibition held there in July 1970 trading companies and cooperative firms from 20 Japanese prefectures sent representatives to attend. At the exhibit the USSR energetically publicized the economic development of the far east and contacts for import and export border trade. The Soviet Ministry of Foreign Trade also planned to allow the Far East Trading Co to tour a special coastal trade show held in Japan.

The Japanese have also held export products exhibits in the USSR. In 1966, the first Japanese coastal trade show was held in Vladivostok. Japanese local industries used to rely on trading companies and cooperative firms for indirect trade but this time they were directly involved. The Japanese prefectures of Hokkaido, Aomori, Iwate, Akita, Yamagata, Niigata, Toyama, Ishikawa, Fukui, Shimane, Nagano, Kanagawa, Hiroshima, and Hyogo as well as the city of Kawaguchi exhibited their local wares in the USSR for the first time. More than 206 people in huge delegations led by the governors and vice governors of 4 prefectures participated in the opening ceremonies. In 1969 at a Japanese coastal trade show held in Khabarovsk the Mofu Trading Co from Ehime, Japan, marketed \$4.75 million worth of towels.

In 1968 Korea also held a border trade exports exhibit in Vladivostok.

The export products exhibitions held by border traders on each side and the delegations sent to study and make purchases had definite results and positive roles in opening markets and selling goods.

The flexibility of border trade also profits medium- and small-size enterprises. The development of border trade is promoted by allowing medium- and small-size enterprises to participate in it. Currently, many of them in the USSR and its trading-partner countries are engaged in border trade, promoting the development of enterprises.

4. The USSR's border trade development pace is rather swift. Border trade is quite flexible and convenient and transport distances are small, which is advantageous to trade on both sides, so development is rather rapid. In 1963 Soviet-Japanese coastal trade was at \$1.3 million. In 1970 it rose to \$19.3 million and in 1980 it broke the \$100 million mark. Comparing 1980 to 1936, the increase was 76-fold. The total Soviet-Japanese trade figure was \$320 million in 1963 and \$4,638,000,000 in 1980, a 14-fold increase. It is obvious that the volume of Soviet-Japanese coastal trade in this period grew faster than the gross volume of trade.

III. The Position and Role of the USSR's Border Trade

The volume of border trade is less than that of large-scale trade, but its function is much more significant than the proportion of foreign trade volume for which it accounts. In border trade, goods can be exchanged that are not easy to exchange in large-scale trade. Border trade is in addition to the large volume of trade between two countries. Its main roles follow.

1. Border trade improves the utilization rate of natural resources. Border trade allows both countries involved to utilize the resources of the neighboring state in addition to their own. This greatly improves the natural resource utilization rate. For example, Japan buys coal, glossy spar, sheet mica, perlite and boric acid by coastal trade from the USSR. After the USSR fells timber, trees with small diameters, treetops and other waste materials that go practically unused in the USSR are nonetheless imported, processed and utilized through coastal trade. Japan also buys second-rate timber from the USSR via coastal trade. This kind of secondary timber is practically unused in the Soviet far east. Another example is that Magadan stockpiled large quantities of ferrous metals waste that were thrown out as trash and would not be worthwhile to melt down in China. A Japanese purchaser was later found through coastal trade. This then cleared up the city's scrap metal pile and brought economic results.

2. Border trade promotes production. Production is promoted by introducing advanced foreign technology and equipment through border trade. An enterprise's production pace picks up by producing export goods and raising product quality. Coastal traders in the Soviet far east can use some of the export income to buy production equipment. For example, far eastern fisheries industries buy fishing equipment, nautical and exploration instruments, paint, pigment and other goods through coastal trade. Foresters buy steel cable and small forestry equipment. Fish canneries buy full sets of can loading, edge knurling and packaging equipment, can-end welding quality testers, automatic edge-balancing weights and other equipment.

3. Border trade meets the demands of border residents for daily consumer goods. These goods have always been in short supply in the eastern USSR, particularly since the end of the 1960's the USSR has accelerated development of Siberia and the far east, thus making for a large increase in the need for daily consumer goods in these areas. Siberia and the far east are short of approximately 125,000 tons of meat, 375,000 tons of sugar, 730,000 tons of milk, 20,000 tons of butter, 10,000 tons of cream, 55,000 tons of apples,

25,000 tons of oranges, 5,000 tons of tea leaves and 20 million meters of woolen piece goods per year. Although domestic goods can solve part of the problem, it is far from meeting the demand. Soviet Europe is far away and transportation cost are high on imports. What is the answer? In this case, the Soviet Government adopted the tactics of importing daily consumer goods from neighboring countries through border trade. Currently, the USSR imports daily light industrial products and food from Japan, Korea, China and other countries. This also includes needles and cotton goods, boots and shoes, enamelware, vegetables and fruit.

IV. Development Trends of the USSR's Boarder Trade

In recent years, the USSR's border trade has developed quite rapidly. The number of countries engaged in border trade with the USSR has gradually increased and the areas of the USSR that participate are continuously growing. There has been a gradual increase in the border trade volume and the variety of imports. Some new development trends have appeared in border trade:

A. Long-term contracts are increasing. Taking Soviet-Finnish trade as an example, the Leningrad Soviet Trading Co with Finland and the Finnish Construction Stock So signed a 5-year contract. The contract stipulates that the USSR shall provide bricks to the Finnish Construction (Ke-si-two-mu-shen) United Firm. The Soviet company also signed a long-term contract with the Finnish Thomesto Co to provide timber to Finland. It also signed a long-term contract with Turo Stock Co to provide various foodstuffs. Border trade that is carried out according to a long-term contract can make border trade planned and stable.

B. Compensation trade is adopted. In recent years the USSR began to utilize compensation trade methods when engaging in border trade with Finland, Japan and other countries. For example, the Leningrad Soviet Trading Co with Finland purchased bark-stripping machinery, pulverizers, chain saws and other forestry equipment for the Estonian SSR and the Karelian ASSR. The timber produced in these areas was later used as compensation to Finland. The USSR also plans to buy charcoal, equipment to make apple juice and compressed peat bricks, equipment to print piece goods and deep-freeze fruit and vegetables so as to make compensation goods.

With reference to Soviet-Japanese border trade, according to agreements Japan will provide the USSR with specially-manufactured plant equipment to pulverize wood products. The goods produced in the plant will be compensation. Japan will provide the USSR with drying equipment and in one and one-half years the peat produced with this equipment will be used as compensation for equipment costs.

Compensation trade offers many advantages to border trade. The three main advantages are:

- 1) compensation trade accelerates the development of resources in border areas;

2) compensation trade helps solve the problem of insufficient equipment and backward technology; it allows new foreign technology and techniques to be used as early as possible in various departments of the national economy;

3) goods produced from imported advanced foreign technology and equipment not only can meet domestic demands but can also expand exports and increase the volume of border trade.

C. The proportion of industrial exports increases. The USSR still is primarily a raw materials exporter, even in border trade. In the past few years while developing its resource superiority and actively organizing exports of raw materials and fuels, the USSR has concurrently paid full attention to increasing its exports of industrial goods. The 25th CPSU Congress stipulates that "we must greatly increase the proportion of processed industrial goods in our exports." In its border trade the USSR has also adopted measures to increase the proportion of heavily processed exports. For example, the USSR plans to build a board timber mill not far from the port of Vanino. Goods produced there will be sold to Japan via coastal trade. The USSR also plans to further expand its construction of export bases in Siberia and the far east in order to increase the proportion of heavily processed exports and to change the border trade export product mix.

Because capitalist development has opened world markets, mutual intercourse between various nationalities has replaced the old regional and national self-sufficiency and closed and isolated attitudes that used to prevail. Production and consumption in all countries has become international. At present, of all the various factors in developing each national economy, international cooperation, including border economic cooperation, has come to have an even greater role. This kind of cooperation includes political, economic, scientific, technical, cultural, and educational intercourse between neighboring states and areas near national borders. Currently, the USSR's foreign economic relations in border areas are not only limited to developing border trade but have expanded to developing many varied forms of border economic cooperation. The narrow connotation of border economic cooperation refers to regional economic relations to solve economic and social development questions along national borders. The broad connotation refers to overall border area economic cooperation between states. Besides regional relationships, this also includes cooperation to solve national problems. For example, transport and productive cooperation between large industrial centers in the border areas of both trading states are also included in this kind of cooperation. The USSR currently uses many forms of cooperation to develop border trade. The major types follow:

1. Cooperation on production, of which industrial cooperative production is the major type. Industrial cooperative production refers to cooperative production between industrial enterprises in the border areas of two countries. The firms on each side provide raw materials and resources. Each side uses them, exchanges production experience and employs workers from neighboring state.

An example of industrial cooperation is the "linked alkene plan" accord between the USSR and Hungary. According to the agreement, a plant to produce ethylene

and acrylics was set up in the (Ji-sai-si-ke) Chemical Industry United Enterprise in (Lenin-wa-luo-shen) (Hungary). Equipment to produce chloric ethylene was installed at the Chemical and Metallurgical United Enterprises (USSR). One-half of the ethylene production in the first company was sent via specially constructed pipelines to the second company. The USSR provides plastics and other organic chemical products to Hungary in exchange for ethylene and acrylics.

The Estonian SSR and some Finnish firms also engage in this kind of industrial cooperation in the production of cultural goods and peat bricks. The Latvian SSR and Finish firms also carry out border economic cooperation in the processing and production of agricultural goods.

2. The joint use of both countries' resources in the border area. The USSR and Poland formulated a plan to jointly build a sulphur-producing mill utilizing the (Nie-mi-luo) Mine(Lvov, Soviet Ukraine) and the (Ba-shen-ni-ya) Mine (poland) that are near to the borders. According to the plan Poland will provide the USSR with sulphur in exchange for steam.

The USSR and Romania set up the (Si-teng-ka) (Romanian)-(Ke-si-jie-shen-ji) (Soviet) unified irrigation project facility on the Prut River tributary to the Danube.

3. Joint construction of industrial and other projects. For example, Finland helped the USSR build the (Ka-lei-sha-a) Shaving Board Mill, the (Ke-si-tuo-mu-shen) Mineral Beneficiation Works and four hydropower stations in the northwest and to expand the Pyatigorsk Forest and the Sverdlovsk pulp and paper-making firm. Some Finnish companies also helped Leningrad to build and install the Lenin Stadium and some facilities in special seaside stores. The Finns also participated in the construction of the Tallinn Olympic sports facilities. With the help of some organizations and enterprises in the Soviet northwest economic area, the Finns set up 15 shaving board mills and installed two sets of steel casting equipment in the city of Lahti. The output of these two units accounts for more than one-half of Finland's cast iron and steel output. They also built a thermal power station in the city of Pori. Soviet experts participated in the designing and planning of the Helsinki subway.

4. Jointly promote soil improvements and environmental protection. Protection and improvement of the environment in the development of cooperation has been regarded as one form of border cooperation. It includes not only land-joined areas but also areas separated by sea that face each other. This kind of cooperation includes the joint protection of forests, structures and facilities, prevention of surface water and groundwater pollution, combating natural disasters, etc. For example, the USSR, Romania, Hungary, and Yugoslavia formulated an overall plan to utilize and protect the water resources of the Tisza River tributary of the Danbe River. In the overall plan, they formulated a way to control floods and regulate the volume of water flow and questions regarding the use of water in industry, agriculture and daily life.

In addition, border economic cooperation also includes the joint development of vacation and tourism industries, and the exchange of advanced production experience between border firms as well as labor cooperation, common usage of transportation facilities, the exchange of technology, superior seeds, repairs and other services, mutual help on public works, joint training of cadres, etc.

HONG KONG

HONG KONG'S ECONOMIC SUPERIORITY IN HANDS-OFF POLICY

Guangzhou GANG AO JINGJI [HONG KONG AND MACAO ECONOMIC DIGEST] in Chinese
No 6, 25 Jun 85 pp 12-14

[Article by Li Hongchang [2621 7703 2490], chairman, Department of Economics, Economics Institute, Jinan University: "Free Port's Implementation of Hands-Off Policy Is Its Superiority"]

[Text] Two matters must be clarified to explore the superiority of Hong Kong's economy: (1) The so-called superiority of Hong Kong's economy refers to an aspect that is unique to Hong Kong. (2) The so-called superiority of Hong Kong's economy refers to the international economy and not just to the inland.

What is Hong Kong's economic superiority after all? Many comrades hold that the internationalism of Hong Kong's economy is manifested in its important position and role as an international financial, trade, shipping, news and tourism center. On the basis of endorsing this kind of viewpoint, some comrades express Hong Kong's economic superiority as "the broadness of its international contacts." These viewpoints have a certain truth to them because in terms of economic concepts Hong Kong's economy is truly a very model international economy. Nevertheless, the main weaknesses of these theses are: (1) The arguments are incomplete; (2) they will be harmful and unbeneficial to the question of how to handle Hong Kong in practical terms in the future. Expressing the superiority of Hong Kong's economy in terms of economic internationalism cannot explain the superiority of Hong Kong's economy because the viewpoint of economic internationalism is very vague in certain senses. The economy of any country or area is naturally international provided that its economy is open. Everyone knows that the economies of the United States, West Germany, Japan, England, France and other capitalist countries are international, as are those of Singapore, South Korea and other developing countries. So how about China's economy? It should not be questioned that as China becomes more and more open, her economy will become more and more international. In sum, saying that Hong Kong's economic superiority is found in its internationalism is of little help to clearly understanding the true superiority of Hong Kong's economy. If this superiority is expressed as broad international contacts, it is difficult to explain Hong Kong's economic superiority. The reason is simple; the economy of any economically international state or area naturally has

broad economic contacts. How else could it be called an international economy? Moreover, with reference to practice, certain dangers regarding the question of how to handle Hong Kong in the future might be hidden if the viewpoint were established and generally accepted that the superiority of Hong Kong's economy is found in its economic internationalism. As China's economy becomes more international each day, the question of not really considering the protection and utilization of Hong Kong's economic superiority might arise at any time. Because even though Hong Kong's economic superiority is found in its internationalism, and the economy of the interior of the motherland (Guangdong for example) is becoming increasingly international, then why continue the special policies to maintain Hong Kong's present social system that is entirely different from that of the interior for 50 years after Hong Kong's sovereignty is withdrawn in 1997? It is not hard to imagine that there will be enormous or disastrous attacks upon Hong Kong's economy some day if "leftist" ideology holding that it is unnecessary to protect and utilize Hong Kong's economic superiority arises and influences policies.

It is necessary to point out that comrades who hold that the superiority of Hong Kong's economy is found in its internationalism subjectively hope to preserve the internationalism of Hong Kong's economy in the future and thus to maintain its prosperity and stability for a long time. Thus, they oppose any "leftist" ideologies and methods of handling the Hong Kong question. Yet because of the inaccuracy of the economic internationalism concept, it is very easy to objectively cause dissension in the understanding of Hong Kong's economic superiority. Thus it can bury certain factors that are detrimental to the development of Hong Kong's strengths in terms of how to handle the Hong Kong question in the future. Those of us who engage in economic research must consider and try to avoid this kind of situation.

If the superiority of Hong Kong's economy is not found in its economic internationalism, then what is it? I hold that Hong Kong's economic superiority is found in the fact that it is a free port that practices a free, hands-off economic policy plus its special geographical position and the special economic role that has developed.

The free port's implementation of a free, hands-off economic policy allowed Hong Kong to develop a unique role in the international economy. This kind of unique role is manifested in:

1. The ability to utilize enormous international resources in the fullest way.

What are the major current international resources? I agree with the opinion that there are four immense resources in the contemporary world: (1) Several billion U.S. dollars of floating capital; (2) a large volume of advanced technology and patents; (3) a large amount of scientific and technical talent; (4) every day a large volume of information is conveyed to the world. Capital is the most important of these four resources because to a large degree technology, talent and information follow the flow of capital and can be determined by the flow. Whoever can most fully utilize the above four resources in today's world, in particular to most fully utilize the

world's idle funds, can have international economic superiority unmatched by other countries and regions. Hong Kong is a free port that practices a free, hands-off economic policy. There is freedom of business, trade, foreign exchange, capital, gold and personnel inflow and outflow. Adding to this the investment environment that is already in place, these factors make Hong Kong the best investment site that can most surely guarantee the entry and exit of capital and thus make Hong Kong the place that is most able to fully utilize the four major current international resources.

2. The ability to concentrate its efforts to develop high-profit industries.

Hong Kong's status as a free port practicing a free, hands-off economic policy has provided extremely favorable conditions for the development of Hong Kong's international trade, manufacturing, transport, financial services, tourism and other high-profit industries. Because Hong Kong has promoted its strengths and avoided its weaknesses and fully utilized these favorable conditions in the past several decades, the concentration of effort to develop international trade, manufacturing, transport, financial services and tourism has resulted in making Hong Kong into a world-renowned international trade and financial center and an information, transport, tourism and multifunctional international economic center.

We must fully emphasize here that the free port's implementation of a free, hands-off economic policy is the pillar allowing Hong Kong to fully utilize immense international resources and develop high-profit industries; it would be impossible without it. It is clear that the free port's special role and superiority is its implementation of a free, hands-off policy that no other country or area can match. This is the greatest superiority of Hong Kong's economy.

The special geographical position alongside the interior of the motherland allows Hong Kong to develop another special role in the international economy.

Hong Kong is a free port implementing a free, hands-off economic policy. It can attract the world's capital, technology, talent and information to the greatest degree. Yet in the final analysis Hong Kong is only a small bit of land with only more than 1,000 sq km and more than 5 million people. Considering Hong Kong itself, it has a limited ability to attract international capital, talent, science, technology and information. Although there is this kind of limitation, Hong Kong still greatly attracts these things because of its special geographical position alongside the interior of the motherland that has 9.6 million sq km of land and a population of more than 1.6 billion. The concrete manifestation of this kind of attraction is seen in:

1. In the processing of developing economic relationships with the interior, Hong Kong most fully develops its own vast capital, technology, talent and informational roles, thereby allowing even more capital, technology, talent and information to flow into Hong Kong in a steady stream.

2. In the process of developing economic relationships with financial consortia from various capitalist countries, Hong Kong can play a special kind of unique intermediary role.

In sum, it is easy to see that the special role developed by implementing a free port with a free, hands-off economic policy is the greatest superiority of Hong Kong's economy. The special role developed from Hong Kong's special geographical position alongside the interior of the motherland also redoubles Hong Kong's economic might and strengthens its superiority even more. Toward this end, if we desire to protect and utilize Hong Kong's economic superiority, then we must protect and utilize this special role of Hong Kong's economy.

12615/13167
CSO: 4006/47

END

JPRS-CEA-86-000

22 January 1986

China Report

ECONOMIC AFFAIRS



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

22 January 1986

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

PRC Strengthens Economic Ties Among Regions (Xu Yaozhong; XINHUA, 24 Dec 85).....	1
PRC Journal on Opening Economy to Outside World (Teng Weizao, Zheng Weimin; SHIJIE JINGJI, No 10, 10 Oct 85).....	3
JINGJI RIBAO Views Economic Reform Situation (JINGJI RIBAO, 9-11 Dec 85).....	13
Part I, by Yan Kalin	13
Part II, by Shi Xichuan	15
Part III, by Ma Yuxiang, Zhang Jianjun	17
Paper on Changes in Economic Growth Mechanism (Chen Xianchang; GUANGMING RIBAO, 14 Dec 85).....	19
Chongqing Hosts Meeting of Key Chang Jiang Cities (Sichuan Provincial Service, 21 Dec 85).....	21
Completion of Enterprise Consolidation Announced (Huang Fengchu; XINHUA, 20 Dec 85).....	22
Briefs	
Beijing Price Hike Rumors Dispelled	24

PROVINCIAL AFFAIRS

Shanghai To Give Priority to Posts, Telecommunications (Shu Rong; ZHONGGUO XINWEN SHE, 19 Dec 85).....	25
---	----

Briefs

Energy, Housing Development Reported	26
--------------------------------------	----

ECONOMIC DEVELOPMENT ZONES

Dalian EDZ Attracting Large Foreign Investment (WENHUI BAO, 4 Oct 85).....	27
---	----

Dalian Overhauls Factories With Foreign Funds (XINHUA, 7 Dec 85).....	28
--	----

Guangzhou Economic Zone To Step Up Development (XINHUA, 27 Dec 85).....	29
--	----

Tianjin Foreign Investment Zone Signs Contracts (XINHUA, 17 Dec 85).....	30
---	----

Briefs

Joint Ventures in Lianyungang EDZ	31
-----------------------------------	----

AGGREGATE ECONOMIC DATA

Principal Industrial Production Figures (JINGJI RIBAO, 17 Dec 85).....	32
---	----

ECONOMIC MANAGEMENT

Heilongjiang Governor Speaks on Lateral Economic Ties (Heilongjiang Provincial Service, 29 Dec 85).....	35
--	----

Qinghai: Song Ruixiang Speaks at Economic Report Meeting (Qinghai Provincial Service, 26 Dec 85).....	37
--	----

Anhui Meeting Discusses Urban Economic Reform (Anhui Provincial Service, 23 Dec 85).....	39
---	----

Rural Economic Service Networks Set Up in Sichuan (Mao Chaojing; RENMIN RIBAO, 9 Dec 85).....	41
--	----

National Trademark Commission Established (XINHUA, 5 Dec 85).....	42
--	----

First Patent Certificates Issued (XINHUA, 28 Dec 85).....	43
--	----

Tianjin Commentary Calls for Punishing Economic Criminals (Tianjin City Service, 24 Dec 85).....	44
---	----

Heilongjiang 'Suggests' Managers Sent to Lower-Level Enterprise (Heilongjiang Provincial Service, 26 Dec 85).....	46
Consumers' Rights Legislation To Be Drafted (Nie Lishang; CHINA DAILY, 27 Dec 85).....	48
Briefs	
Heilongjiang Lateral Economic Cooperation	50
Enterprise Management Cadres' Training	50
FINANCE AND BANKING	
Two Million Students Take Out Life Insurance (XINHUA, 19 Dec 85).....	51
Briefs	
Sichuan Peasants' Earnings	52
Bank Savings Hit Record	52
MINERAL RESOURCES	
Briefs	
Gold Deposit in Jiangxi	53
INDUSTRY	
Xinjiang Industrial Enterprises Succeed in Developing Technology (Xinjiang Regional Service, 18 Dec 85).....	54
Heilongjiang Balancing Ratio Between Light, Heavy Industry (Zhong He; HEILONGJIANG RIBAO, 24 Oct 85).....	55
Guangxi's Industrial Production Steadily Taking Off (Zhen Shengfeng; RENMIN RIBAO, 11 Nov 85).....	57
Henan Holds Meeting on Production in Prefectures, Cities (Henan Provincial Service, 11 Dec 85).....	59
Zhang Jingfu Urges Diligence in Industrial Survey (XINHUA, 23 Dec 85).....	60
Briefs	
Hainan Iron, Steel Plant	61
Xinjiang Industrial Production Develops	61
Guangxi Building Material Industry	61
Hainan Rubber Industry Develops	62
Hunan Steel Output	62

Hunan Inaugurates Potentiometer Project	62
Shandong Households Electric Appliances	62
Anhui Metallurgical Industry	63
Jiangsu Fertilizer Plant	63
Jiangsu Television Plant	63

CONSTRUCTION

Guangzhou: South Wharf Project for Zhanjiang Port Completed (ZHONGGUO XINWEN SHE, 25 Dec 85).....	64
Northern Jiangsu Canal Dredged, Improved (Zhang Xingduan; XINHUA, 25 Dec 85).....	65
Briefs	
Guangzhou City District Center	66
Yunnan's Highway Construction	66
Zhejiang New Piers	66

DOMESTIC TRADE

Shanghai Plays Greater Role as Trade Center (XINHUA, 26 Dec 85).....	67
Chongqing Fair Sends Goods Throughout China (RENMIN RIBAO, 31 Oct 85).....	69
Briefs	
Statistics Released on Urban Trade Centers	70

FOREIGN TRADE AND INVESTMENT

Zhejiang Overfulfills Annual Export Plan (XINHUA, 26 Dec 85).....	71
Jilin Exports Increase 53.2 Percent in 1985 (XINHUA, 28 Dec 85).....	72
Further Expansion of Export Licensing to Hong Kong, Macao (Olivia Sin; SOUTH CHINA MORNING POST, 31 Dec 85).....	73
Jiangxi Province Increases Foreign Cooperation (XINHUA, 9 Dec 85).....	75
Foreign Funds, Technology Spur Shanghai Growth (XINHUA, 30 Dec 85).....	76
U.S. Firm To Supply Underwater Robot Technology (XINHUA, 14 Dec 85).....	78

Responsibility for Factory's Faulty Equipment Discussed (Albert Chan, Timothy Jim; SOUTH CHINA MORNING POST, 6 Dec 85).....	79
PRC Blames U.S. Blame Each Other	79 82
Guangxi Holds Successful Commodities Exhibition in Hong Kong (SOUTH CHINA MORNING POST, 12 Dec 85).....	84
PRC Domestic Enterprises Seek 'Seller Credit' (Paul Sham; SOUTH CHINA MORNING POST, 11 Dec 85).....	86
Leasing Deal Signed by Xiamen Enterprises (Cecilia Ko; SOUTH CHINA MORNING POST, 4 Dec 85).....	88
Official Urges 'Special Deal' For Overseas Chinese Investors (Ophelia Suen, et. al.; SOUTH CHINA MORNING POST, 13 Dec 85).....	90
Guangdong Officials Address Seminar in Hong Kong (SOUTH CHINA MORNING POST, 1 Jan 86).....	93
Sino-Soviet Border Trade Shows 12-Fold Rise Over 1983 (Paul Sham; SOUTH CHINA MORNING POST, 4 Dec 85).....	94
Swedish Official on Future Trade With China (XINHUA, 4 Dec 85).....	96
Open Door Benefits Fujian's Mountainous Areas (Lin Junqing; RENMIN RIBAO, 15 Nov 85).....	97
Briefs	
Xian Luxury Hotel	99
Shanghai Foreign Exchange From Tourism	99
Shanghai World-Standard Products	99
Quality Standards for Foreign Firms	100
Growth of PRC Exports	100
Shandong Export Successes	100
Hungarian-PRC Trade Agreement	100
Joint Venture 'Remark' Explained	101
Tianjin Port Export Quotas	101
SPECIAL ECONOMIC ZONES	
Xiamen GVIO, National Income To Double Last Year's (Shi Zhengyao; RENMIN RIBAO, 17 Nov 85).....	102
Electronics Group Set Up in Shenzhen Zone (XINHUA, 1 Jan 86).....	104

LABOR AND WAGES

Family Workshops Absorb Surplus Rural Labor (XINHUA, 19 Dec 85).....	105
---	-----

TRANSPORTATION

Punishing Illegal Acts of Profiteering (Zhang Jinsheng; XINHUA, 19 Dec 85).....	107
--	-----

PLA Cuts Down Transport Expenses in North China (Ye Xulin, Wu Zhimin; XINHUA, 20 Dec 85).....	108
--	-----

Ministry Calls for Safe Passenger Transport (XINHUA, 21 Dec 85).....	109
---	-----

Chang Jiang Water Transportation Developed (Liu Xiaoning, Li Xingmin; XINHUA, 21 Dec 85).....	111
--	-----

Shaanxi Implements Road Transport Procedures (Shaanxi Provincial Service, 19 Dec 85).....	113
--	-----

Guizhou Commentary on Electrified Railroad Project (Guizhou Provincial Service, 17 Dec 85).....	114
--	-----

Briefs

Xinjiang Road, Rail Transport	115
Yun 12-2 Plane	115
Trial Flight of PRC Plane	115
Gansu Railroad Transport	116
Preparations for Qin Zhou-Beihai Railroad	116
Highway Containerization	116
Kunming Railroad Bureau Abolished	116
Invigorating Communications, Transport	117

NATIONAL POLICY AND ISSUES

PRC STRENGTHENS ECONOMIC TIES AMONG REGIONS

OW242100 Beijing XINHUA Domestic Service in Chinese 1157 GMT 24 Dec 85

[By reporter Xu Yaozhong]

[Excerpts] Beijing, 24 Dec (XINHUA)--Following the rapid development of economic and technical cooperation and integration among various districts and departments, a new multichannel, multilevel, and multiform pattern of economic associated operations is taking shape in China. People in the economic circles said: The strengthening of economic ties among various enterprises and regions constitutes a significant change in China's economic sphere during the Sixth 5-Year Plan period as well as an important sign in China's flourishing economy.

According to incomplete statistics compiled for the first 10 months this year, a total of 35,000 projects for economic and technical cooperation have been completed in the whole country, doubling the number of similar projects completed in all of 1984. About 80 percent of these projects have been completed very well with investments totaling six billion yuan.

Looking back at the economic and technical cooperation among various districts and departments this year, we can clearly see the following five new tendencies in effecting economic ties among various enterprises and regions in our country:

--Economic and technical integration and cooperation have been strengthened among various regions. Economic integration and cooperation ties are formed among regions on the basis of economic relations established because of either geographical or historical reasons.

--The number of economic associations is increasing rapidly. Primarily, these belong to three categories. The first category includes urban economic associations. For example, Shenyang, Banxi, Fushun, Liaoyang, Tieling, Anshan, and Dandong cities in Liaoning have formed an Economic Association with the city of Shenyang as the center. The second category includes the Economic Association formed between urban and rural areas. For example, the number of such associations formed by enterprises in rural and urban areas has increased to 47 in Changzhou City since the beginning of this year. The number of enterprises in the city that have carried out associated operations has reached 344, of which 220 enterprises are run by suburban areas, counties,

townships, and villages. The third category includes the Economic Association formed by various enterprises.

--Technical cooperation has become the major form of economic cooperation. In this year's economic and technical cooperation projects, the percentage of technical cooperation projects has increased from last year's 40 percent to this year's 60 percent. The number of technical cooperation projects has reached 19,000.

--Bilateral aid relations between one locality and another have been further strengthened. Since the beginning of this year, significant achievements have been made by nine provinces and cities including Jiangsu, Tianjin, Shanghai, and Zhejiang and the relevant departments of the State Council in developing 43 engineering projects to aid Xizang in construction.

--The military industry has quickened its pace in transferring its technology to civilian industries. According to statistics compiled in the first half of 1985, the various departments and enterprises under the defense industry have made arrangements to transfer technology to civilian industries on more than 20,000 occasions. The total volume of business transactions reached 700 million yuan. Right now, the products for civilian use turned out by the enterprises of the military industry have already accounted for 40 percent of the total output value of these enterprises.

The aforementioned new tendencies in China in strengthening economic ties among various enterprises and regions will help the various districts and enterprises exploit their advantages and avoid their drawbacks and bring their favorable conditions into full play; make rational use of manpower as well as the material, financial and social resources; and promote technical progress and do a good job in readjusting the product mix.

/8918

CSO: 4006/475

NATIONAL POLICY AND ISSUES

PRC JOURNAL ON OPENING ECONOMY TO OUTSIDE WORLD

HK261324 Beijing SHIJIE JINGJI in Chinese No 10, 10 Oct 85 pp 1-7

[Article by Teng Weizao [3326 4850 5679] and Zheng Weimin [6774 0251 3046]:
"The Internal and External Bases for Opening the Economy to the Outside
World"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, China has made unprecedentedly rapid development in its research on the world economy. With the party's work focus being shifted to socialist modernization, it is all the more urgent to make a study of the experiences and lessons in the construction of various countries in the world in line with China's economic construction. After analyzing and summing up both the positive and negative experiences in socialist construction in China and other countries, the CPC Central Committee drew up the policy of enlivening the domestic economy and opening up to the outside world. This has an important bearing on ensuring the smooth carrying out of China's economic structural reform and on building socialism with Chinese characteristics.

Comrade Deng Xiaoping said: "While working out the policy of enlivening the domestic economy, we also suggested opening the economy to the outside world. We have summed up historical experiences. An important reason why China has been in a state of stagnation and backwardness is that we closed the country to the outside world. Facts have proved that it will not do to carry out construction behind closed doors and that the development of China cannot be divorced from that of the world." (Footnote 1) (Deng Xiaoping: "Building Socialism with Chinese Characteristics," p 50)

What are the theoretical bases for opening up to the outside world? In the present world economic structure, what should China base itself on when participating in the international division of labor and exploring the world market? Answering these questions scientifically has important theoretical significance as well as practical bearing on building China's modernization drive.

Opening to the Outside World is the Objective Requirement of the Internationalization of our Economic Life

The process of modern history has proved that with the rapid growth of the social productive forces and the formation and development of the world market

and the world economy, socialized production will go beyond one country and obtain the form of internationalization, and the internationalization of economic life will increase. In 1840's, Marx and Engels pointed out: "With the exploration of the world market by the bourgeoisie, the production and consumption of all countries have become worldwide." (Footnote 2) (Marx and Engels: "Manifesto of the Communist Party," p 27) Stalin also said: "In the development of capitalism, a trend had already emerged as early as in the last century: the mode of production and the mode of exchange were being internationalized, national closed-doorism was being eliminated, various nationalities were beginning to come closer in the economic field, and the vast expanse of land was becoming a mutually-related entity." (Footnote 3) ("Collected Works of Stalin," Vol 5, p 149) Between the late 19th century and the early 20th century, capitalism developed into monopoly capitalism and the rule by monetary capital was expanded into every region and every corner of the world. Capitalism became a world structure of colonial oppression and monetary control embracing a large number of colonies and dependent countries. Thus, the world economic structure in which the capitalist production mode occupies a dominant position finally came into being. Before World War I, the world economy referred to by people was in fact the world capitalist economy, as there was not a single socialist country at that time. So the world capitalist economic structure was an all-inclusive world economic structure. Corresponding to this, capitalist production relations and international economic relationships constituted main body of the world economy at that time, and capitalist economic law played its role in the whole world economic sphere.

After World War I, the first socialist country--the Soviet Union--arose in the world. Thenceforth, the world economy has no longer been synonymous with the world capitalist economy, as it also includes the socialist economy. Although the socialist economic structure did not account for a large percentage in the world economic structure, great changes took place in the quality, content, and composition of the world economy. In the meantime, international economic relationships also changed to a large extent in terms of quality, content, and composition. In the world economy, apart from capitalist economic law, which still played its role in the world economic sphere, socialist economic law began to play its role in a certain field. During this period, apart from embracing the relationships between capitalist countries themselves and the relationships between imperialist countries and colonies and dependent countries, international economic relationships began to reflect the relationships between the socialist country and the countries where capitalist production relations occupied a dominant position.

The transition from the world capitalist economic structure to the world economic structure in which the capitalist and socialist economic structures simultaneously exist suggests that the world economy is entering a transitional historical period. In other words, it is entering a long historical period in which the two antagonistic economic structures coexist and the socialist economic structure will gradually expand, turn into a world economic structure, and finally replace the world capitalist economic structure.

As people are aware, rapid changes took place in the world political and economic situations after the end of World War II. With China and a [word indistinct] of Eurasian countries having freed themselves from the world capitalist economic structure and embarked on the socialist road of development, the socialist economic structure began to develop from one country to the world, initially forming a worldwide socialist economic structure. The role of socialist economic law began to expand whereas the position of the capitalist economic structure in the world economy began to drop. In addition, a large number of colonies and dependent countries gained political independence and became developing countries after shaking off the colonial yoke. The disintegration of the colonial system was a severe attack to the imperialist countries. Although the world economy was still in a transitional period, a new change took place in its structure, various economic forces began to reorganize, and different social and economic systems and the international economic relationships between different countries became more complicated. During this historical period, the nature of the international economic relationships between socialist countries themselves and between socialist countries and developing countries was different from the nature of the international economic relationships between capitalist countries themselves and between capitalist countries and developing countries. Thus, the present world economic structure has become one consisting of both the capitalist and socialist economic systems and embracing the international division of labor between capitalist, socialist, and developing countries and the integration of various markets in the world.

Since the end of World War II, the development of the world economy and the increasing internationalization of production and capital have promoted the development of production, expanded the demands of the market, and brought closer the mutual relationships between various types of countries, and in particular between developed capitalist countries, in terms of production, circulation, consumption, and distribution. The international circulation of capital, commodities, labor service, and the labor force between capitalist countries has expanded. International specialization and cooperation in production have rapidly developed. The strengthening of international division of work needs to rely more on the world market. The above development process has manifested itself in the intertwining of the reproduction process in capitalist countries and the strengthening of economic mutual reliance among these countries. From the 1950's to the early 1970's, the economies of capitalist countries underwent a rapid development period for as long as 20 years. During this period, although the economic development of capitalist countries was interrupted by economic crises several times, most capitalist countries, including the United States, could maintain high economic growth rates rarely seen in the history of capitalist development, and unprecedented development was also noticed in their GNP's, industrial production, foreign trade, and foreign investment.

From 1951 to 1973, developed capitalist countries registered an average 5 percent annual increase in their GNP's, and their gross industrial output value rose by 5.6 percent annually on the average. Not only did these rates far exceed the average annual increase rates before World War II, but they also surpassed the high annual increase rates during the 1890-1913 period.

Take the GNP's of some developed capitalist countries as an example. In 1970, the United States' GNP amounted to \$1,361.1 billion, Japan's increased from tens of billions in the early 1950's to \$393.2 billion, and the FRG's also rapidly rose to \$379.5 billion.

On the basis of the rapid development of production, developed capitalist countries also witnessed rapid growth in their foreign trade after the end of World War II. From the mid-1950's to 1973, the export trade volumes of the United States, the EEC, and Japan registered average annual increases of 6 percent, 8.8 percent, and 14.9 percent respectively. During this period, world trade rose at an average annual rate of 8 percent. These high growth rates resulted from increases in trade between the developed capitalist countries.

The scale of capital exports of developed capitalist countries also rapidly expanded. The capital exports of developed capitalist countries amounted to \$51 billion in 1945, more than the total sum of capital exports of the main capitalist countries in 1914. In the 30 years between World War I and World War II, the average annual increase rate of capital exports of the developed capitalist countries did not even amount to 1 percent. But from 1945 to the early 1970's, the total sum of capital exports of the developed capitalist countries went up from \$51 billion to \$500 billion. In 1973, the direct foreign investment made by the transnational companies of these countries amounted to \$287.2 billion.

The rapid increases in world trade and international investment as well as the increasing intimacy of international economic relationships are the manifestations of the strengthening of the internationalization of production and economic life. The strengthening of the internationalization of production has manifested itself in the following aspects:

1. The mutual relationships between various countries, and in particular between the developed capitalist countries (such [as] the EEC countries), are becoming closer and closer in their social reproduction process. In addition, the division of labor between transnational companies is becoming more and more specific and production is being carried out in a more and more specialized way. The international production of transnational companies has been formed and is developing on the basis of the modern international division of labor. The international production of transnational companies produces an impact not only on the economic and market structures of the capitalist world, but also on the reproduction process of the social capital of various countries, thus strengthening the mutual economic reliance among various countries and the international division of labor.
2. The proportion of the import and export trade volumes of various countries to their GNP's has tended upward. In 1970, the proportion of the export volume of the United States to its GNP was 4.3 percent, the FRG 18.5 percent, Britain 15.8 percent, Italy 14.2 percent, France 12.8 percent, Canada 19.6 percent, and Japan 9.5 percent; and in 1980, they increased to 8.2 percent, 23.5 percent, 22.1 percent, 19.7 percent, 17.7 percent, 26.1 percent, and 12.5 percent, respectively. During the same period, the proportions of the

export volumes of these countries to their material production increased from 14.3 percent, 43.3 percent, 50.4 percent, 41.8 percent, 30.6 percent, 70.5 percent, and 22.1 percent to 28.9 percent, 65.6 percent, 78.3 percent, 55.1 percent, 57.1 percent, 87.6 percent, and 36.1 percent, respectively. In 1983, the proportion of the United States' export volume to its GNP dropped to 5.9 percent. In comparison with the export volumes of other capitalist countries, the proportion the United States' export volume to its GNP is small. But this does not mean that the influence and role of the United States' national economy are not great; the proportion is small because the United States has a large domestic market. Moreover, although the proportion is small, its export trade volume is larger than that of any developed capitalist country. In 1983, the United States' export trade volume exceeded \$450 billion. The United States' export trade volume accounts for 13 percent of the world export trade volume, ranking first in the world. U.S. exports account for 25 percent of its commodity production and 25 percent of its agricultural production. In the manufacturing industry, about one out of eight employees works for its export trade. So it is obvious that foreign trade plays a very important role in the development of the U.S. economy.

In 1984, world trade hit a record high of \$1,955 billion. That such a huge figure was attained in world trade in only 40 years' time after the end of the World War II could not have been expected during the early post war period.

3. There has been rapid growth in foreign investment, and in direct foreign investment in particular. The total sum of direct foreign investment by developed capitalist countries was \$66 billion in 1960 and rose to \$497 billion in 1980. During this period, direct foreign investment by the United States increased from \$32.8 billion to \$215.6 billion, that by Britain from \$10.8 billion to \$74.2 billion, Japan from \$500 million to \$37.1 billion, and the FRG from \$800 million to \$37.6 billion. Of their direct foreign investment 90 percent was made through transnational companies. According to statistics compiled by the UN Center for Transnational Corporations, in 1980 the 350 largest transnational corporations of Western countries had 25,000 branch and subbranch companies in foreign countries, with a sales volume of \$2,635 billion, 28 percent of the then GNP's of the capitalist countries the world over and larger than the then GNP of the United States. Moreover, the proportion of the foreign sales volume of transnational companies to their total sales volume grew larger. It was 30 percent in 1970 and rose to 40 percent in 1980. The above economic development trend in developed capitalist countries indicates the rapid growth in their cooperation, multilateral trade, and mutual investment after the end of World War II. It also suggests that the economic exchanges and economic relationships between the developed capitalist countries and developing and socialist countries were closer than expected.

During the above period, the economic growth rates of the developing and socialist countries were faster than those of the capitalist countries. Take as an example the proportion of the increased value of manufacturing industries of various types of countries to that of the world manufacturing industry from 1963 to 1983 (calculated on the basis of 1975 fixed prices). The proportion of the increased value of developing countries rose from 8.1 percent in 1963 to 11 percent in 1982 and of the Soviet Union and East European

countries from 14.6 percent to 25 percent, whereas the proportion of the increased value of developed capitalist countries dropped from 77.3 percent to 64 percent. Although the developed capitalist countries proportion dropped, they still played a leading role in world industrial production. The situation in world trade was similar to this. In short, during this period, following the rapid development of the productive forces, world trade was faster than that in world production. On the basis of the rapid growth of production, trade, and investment, the economic relationships between various types of countries and the relationships between the world economy and the economies of various countries were becoming closer.

From the development process of the world economy in the postwar period, we know that there is a trend toward stagnation and decadence in modern monopoly capitalism, which hampers the development of production and technology. But such a trend cannot permanently hamper the development of the productive forces, cannot permanently hinder the process of the internationalization of production and economic life brought about by the rapid growth of the productive forces and the technological revolution, and therefore cannot permanently obstruct the expansion and strengthening of the international economic relationships between countries of different economic systems. The increasing internationalization of production and economic life has engaged all countries--capitalist, developing, and socialist--in a close world economic network. Today, no country in the world, be it a country with the largest territory, the richest natural resources, or the most powerful economic strength, can carry out economic construction behind closed doors or by separating itself from the world economy. Each country must adapt itself to the development of the social productive forces and to the strengthening of the internationalization of production and economic life, energetically develop commodity production and commodity exchange, and open its economy to the world. Closing one's country to the world runs counter to objective economic laws. It will only exclude one's country from the objectively open world economy, the international division of labor, and the world market. Therefore, each country must open its economy to the world. This is the objective requirement of the development of the modern productive forces and the internationalization of economic life.

Energetically Developing the Commodity Economy Is the Internal Basis for Opening the Economy to the World

When we say that each country should adapt itself to the requirements of the internationalization of economic life and open its economy to the world, we deal only with one aspect of this problem. Recently, newspapers and magazines have published quite a number of articles explaining the bases for opening our country to the world. Some comrades say that the internationalization of economic life is the basis for opening up to the world, others say that the international division of labor is the basis for opening up the world, and still others say that the development of the internationalization of production, markets, technology, capital, and the exchanges of personnel and information requires all countries to open up to the world. The above views reflect the actual development of the world economy since the end of World War II. Although their approaches to this problem are different from each other,

their aims are more or less the same. For example, they interpret the internationalization of economic life as the internationalization of various factors including production, exchange, distribution, and consumption. Many comrades say that the increasing internationalization of economic life is the basis for opening up to the world. Undoubtedly, this viewpoint is correct. However, it will be imperfect in theory if we do not develop our analysis of this problem, as people will say that before World War II, it was impossible for colonies and dependent countries to open their economies to the world although the internationalization of economic life had started long before the war. Therefore, it is necessary to further analyze what internal conditions a country should have in opening its economy to the world, apart from the needs for the internationalization of its economic life. Take China as an example. Before liberation, China was a semifeudal and semicolonial country. After the opium war, imperialist countries used warships and guns to open the gates of China. After they carved up spheres of influence in China, foreign commodities flooded the Chinese market, thus restricting the development of China's national industry. This open-door policy of national betrayal and humiliation was, naturally, not a policy of opening up to the outside world. With the founding of new China, our country became a sovereign country, and this has made it possible for us to open up to the outside world. During the First 5-Year Plan period, we opened our economy mainly to the Soviet Union and the East European countries. It was not that we did not want to carry out economic exchanges with the developed capitalist countries but that imperialist countries imposed an economic blockade and embargo on us. Subsequently, because the two superpowers looked down upon us and "leftist" ideas were rampant, we laid too much emphasis on self-reliance in socialist construction. In fact, this was closing the country to the world. Comrade Deng Xiaoping pointed out: "China was backward because it closed itself to the world. After the founding of the PRC, we were blockaded, and, to a certain extent, the country was still closed to the world. This caused some difficulties to us. Some 'leftist' policies, and the 'Great Cultural Revolution' in particular, also brought about calamities. In short, our experience over the past 30 odd years has proved that it will not do to carry out construction behind closed doors." (Footnote 4) (Deng Xiaoping: "Building Socialism with Chinese Characteristics," p 37) Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee has taken the policy of opening up to the outside world as a long-term basic state policy and strategic measure for speeding up socialist modernization. What is the theoretical basis for this? What is the material basis? We are of the opinion that to effectively implement the policy of opening up to the outside world, it is necessary to solve the problem of understanding the socialist economy, to admit that the socialist economy, which is based on the public ownership system, still has the nature of the commodity economy, and to develop commodity production and commodity exchange. Only by forming a developed commodity economy, can the policy of opening up to the world have a solid material basis. However, for a long period of time, people have fostered the concept of setting the commodity economy against the planned economy. Under the influence of this concept, they have equated the commodity economy to the market economy and, still worse, to capitalism. In theory, this confusion has resulted in denying the existence of the commodity economy in socialist society; and in practice, it has restricted the development of commodity production and commodity exchange.

Therefore, some people are afraid that encouraging the development of the commodity economy [word indistinct] socialist society retrogress to capitalist society. Breaking away from the traditional concept of setting the commodity economy against the planned economy, the "Decision of the CPC Central Committee on Economic Structural Reform" explicitly pointed out: "The socialist planned economy is a planned commodity economy based on public ownership, in which the law of value must be followed and applied. The full development of a commodity economy is an indispensable stage in the economic growth of society and a prerequisite for our economic modernization." (Footnote 5) ("Decisions of the CPC Central Committee on Economic Structural Reform," p 17) Capitalist production is the highest form of commodity production, and the capitalist economy is a developed commodity economy. In capitalist society, everything is done in a commercial form. Production is carried out for the needs of the market and even the labor force is bought and sold as a commodity. A developed commodity economy is the material basis for a capitalist country to open up to the world and is also an important link by which a capitalist country takes part in the international division of labor and establishes economic relationships with other countries.

In socialist society, the labor force is no longer a commodity, and land, mines, and rivers are not sold and bought. In comparison with capitalist society, it is true that there are certain restrictions on the scope of commodity production and commodity exchange and that as a result the role of the law of value is reduced, but most of the economic activities of socialist society are still conducted through the relationships between commodities and money. Therefore, socialist production is still commodity production and the socialist economy is still a commodity economy. China's commodity production and commodity exchange in the present period have not been fully developed. Only after China has formed a developed commodity economy, will China be able to materialize socialist modernization and to provide a reliable material guarantee for enlivening the domestic economy and opening up to the world. Socialist society cannot be built on the basis of a natural or semi-natural economy but on the basis of a developed commodity economy and large-scale socialized production. Only by energetically developing commodity production and commodity exchange, can we provide rich and reliable commodities for the domestic market so as to enliven the economy, can we have a large quantity of commodities and a large amount of fund to explore the international market, and can we import various types of commodities, funds, equipment, and technology. If the proportion of a natural or seminatural economy to the national economy is large and commodity production and commodity exchange are not developed, it is impossible to realize socialist economic modernization.

There has been great development in China's commodity production and commodity exchange over the past few years. Take foreign trade as an example. The export volume rose from \$9.7 billion in 1978 to \$29.96 billion in 1984, a 170 percent increase. In this short span of time, the proportion of China's export volume to that of the world rose from 0.9 percent to 1.4 percent, and the proportion of the export volume to the total national income rose from 5.6 percent to 9.6 percent. China's import volume also rapidly increased during the above period. It rose from \$10.9 billion in 1978 to \$27.67 billion in 1984, and its proportion to the world import volume increased from

0.8 percent to 1.3 percent. In 1984, China's foreign trade hit a record high of \$53.6 billion. Of course, the proportion of our foreign trade volume to that of the world is too small for a country as large as ours. However, we should understand that our foreign trade is playing an increasingly important role in promoting our economy. According to statistics, each export worth 100 million yuan can provide employment opportunities for 12,000 people and a profit of 35 million yuan for the state.

China has initially blazed a new trail over the past few years in using foreign capital and introducing advanced technology. The shortage of funds is a prominent problem in China's economic development. How to introduce foreign capital to make up for the shortage is a very arduous job. By December 1984, the number of contracts signed between corporations and enterprises throughout the country and foreign and Hong Kong investors was 3,605, negotiated investment was \$8.6 billion, and foreign capital actually used was \$4 billion. Of the contracts signed with foreign businessmen, 1,600 were for cooperative projects, with a negotiated investment of \$3,639,000,000, accounting for the largest percentage; about 30 were for exploiting offshore oil, with a negotiated investment of \$2.4 billion; about 700 were for joint ventures, with a negotiated investment of \$1 billion; about 1,200 were for compensatory trade, with a negotiated investment of \$865 million; and about 70 were for running foreign-capitalized enterprises, with a negotiated investment of \$400 million. On the whole, foreign capital has not accounted for a large percentage in China's investment. However, through using foreign capital, we have built some important projects and transformed thousands of medium-sized and small enterprises. This has played an effective role in promoting our commodity economy, improving the technological and managerial levels of our enterprises, and increasing our competitiveness on the international market.

The experiences of various countries have proved that the higher the level of the productive forces a country has, the more developed its commodity economy is, the more favorable conditions it has for opening up to the world, and the more extensive its economic and trade relationships with other countries are. The United States, Japan, and some developed capitalist countries in Western Europe, which play a leading role in world production, world trade, international investment, and technological transfers, are countries with highly developed commodity economies. Whereas some developing countries with underdeveloped commodity economies are in an inferior position in the above aspects, and their economic adaptability is very poor. Obviously, to achieve the expected results in implementing the policy of opening up to the world, a large developing socialist country like China must use its domestic market and rich resources and energetically develop its commodity production and commodity exchange. We must form a developed socialist commodity economy so that we can sell our commodities both on the domestic and international markets and carry out an effective competition with developed capitalist countries. In this way, we will be able to provide a reliable material guarantee for opening up to the world. China's policy of opening up to the world is a long-term basic state policy, as to realize socialist modernization, we must do what we can to develop commodity production and establish a developed socialist commodity economy. China's policy of enlivening the domestic economy and

opening up to the world will not change so long as its general target to develop the commodity economy and realize socialist modernization remains unchanged. Obviously, with the strengthening of the internationalization of economic life, only a sovereign country which is politically independent can really open itself to the world, and to enable its policy of opening up to the world to promote its economy, it must spare no effort to develop its commodity economy. Therefore, fundamentally speaking, the recognition of the socialist economy based on public ownership being a planned commodity economy is the theoretical basis for China's policy of opening up to the world, and it also serves as a footing for China's participation in the international division of labor and exploration of the international market.

/8918

CSO: 4006/475

NATIONAL POLICY AND ISSUES

JINGJI RIBAO VIEWS ECONOMIC REFORM SITUATION

Part I

HK180451 Beijing JINGJI RIBAO in Chinese 9 Dec 85 p 1

[Article by reporter Yan Kalin: "Urban Reform Is Unfolded in an Overall Manner--Comments on the Economic Situation (Part 1)"]

[Text] Since the 3d Plenary Session of the 12th CPC Central Committee, the focus of reform has been shifted from the countryside to cities, and an overall reform with its center on invigorating enterprises has begun. In the past year, urban reform has made a good beginning, and has been unfolded in an all-round way.

First, the old concept of the product economy has been changed. Over a long period in the past, because of the influence of the "leftist" ideology and some unrealistic ideas, we thought that the planned economy and the commodity economy were incompatible, so we wittingly or unwittingly rejected the law of value and the role of the market mechanisms and relied mainly on administrative means to manage the economy. The decision of the 3d Plenary Session of the 12th CPC Central Committee put forward a scientific concept: The socialist economy should be "a planned commodity economy based on public ownership." This provided an important theoretical foundation for the entire reform of the economic structure. According to the objective laws that govern a planned commodity economy, the planning mechanisms must be properly integrated with the market mechanisms. This represents a major breakthrough in theory and practice.

Second, enterprises have become markedly more dynamic in their production and business. After the founding of the PRC, the economic structure experienced a number of major changes, all of which centered on whether enterprises should be placed under central management or transferred to local government management. No matter what the change, the enterprises were always subsidiary bodies to the central or local governments, and they had no power to decide their own business. The present urban reforms began with expanding the decision-making power of the enterprise and replacing enterprises' profit delivery to the state with tax payments. The situation in which enterprises "eat from the same big pot" of the state has been basically changed. Enterprises have been changed from subsidiaries of the administrative institutions into relatively

independent economic entities that can operate in line with the law governing the planned commodity economy. At present, industrial and commercial enterprises have markedly increased their decision-making power in the handling of their production and business and of their personnel and labor affairs. Enterprises' economic results and their financial contributions to the state have become greater, and this has effectively improved the financial condition of the state.

Third, new changes have occurred in the system and forms of economic management. In order to meet the needs in the development of the socialist commodity economy, major reforms have been made in recent years in the aspects of developing and expanding the unified socialist market and giving full play to the regulatory functions of various economic levers. Markets for consumer goods and producer goods, as well as capital markets, technology markets, and labor markets, have been widely opened and developed in various localities. In addition, major reforms have been made in the price system. The previous system of fixed prices has been replaced with a new system integrating fixed prices with floating and free prices. In the new price system, prices may be fixed by the state or by enterprises, and some prices may even be set by individual traders according to market conditions. Many state institutions have adopted a new complex wage system, in which the main part of staff members' wages is appropriate to their posts. Wage reforms are also being carried out actively in enterprises. Through such reforms, the economic levers of prices, credit, taxes, and wages have begun to function flexibly in regulating the economy in an all-round way.

Fourth, various forms of horizontal economic and technological combination and cooperation have greatly developed. Reforms in recent years have begun to tear down the economic barriers between localities, between economic departments, and between cities and the countryside. Regional economic programs have been drawn up in some parts of the country. Counties have been drawn up in some parts of the country. Counties have been made subordinate to the leadership of some cities. At present, 129 large and medium-sized cities are exercising administrative leadership over 571 surrounding counties. Many cities have taken measures to open the door to goods and services from surrounding areas, and this has obviously strengthened the economic ties between cities and the countryside.

Fifth, the pace of opening up to the outside world has been quickened. Under the guidance of the policy of opening up to the outside world, Fujian and Guangdong Provinces have adopted many special and flexible policies and measures for attracting foreign investments. Following the establishment of the four special economic zones in Shenzhen, Zhuhai, Shantou, and Xiamen, the party central leadership and the State Council have decided to open 15 port cities and Hainan Island, gradually open the Changjiang delta area, the Zhujiang delta area, and the southern Fujian triangle area, and the Liaodong and Shandong peninsulas, and establish technical and economic open zones in many open cities. At present, there is a total population of more than 100 million people in open areas, which produce more than half the country's total industrial output value.

This year and next year will be a crucial period for making major strategic breakthroughs in urban reforms. Many economic statistical indicators have shown that the economic growth in cities in the last 2 years exceeded that of the first 3 years of the Sixth 5-Year Plan. This year, urban residents' annual per-capita outlay on personal living expenses will reach 820 yuan, or 380 yuan more than in 1980.

Of course, we should also notice that there are still many problems in the present reforms. Basically speaking, this is because the reform has not been sufficiently coordinated or perfected. It is an inevitable link in the change of an old system to a new system. It has only been a year since urban reform began. The old system has just been broken through and the new system has not been soundly established; the administrative means in economic management have been reduced, but economic levers have not been brought into flexible operation; microeconomic activities have been enlivened, but macroeconomic control has not kept pace with the development. Problems are unavoidable in such a transition period. These problems just show the necessity of pushing ahead with the reforms. We must give first priority to reform and must confidently and boldly advance to fulfill the three major tasks in the reforms, that is, to further invigorate enterprises, establish and develop a socialist market, and more effectively exercise indirect control over the overall economy.

Part II

HK180609 Beijing JINGJI RIBAO in Chinese 10 Dec 85 p 1

[Article by staff reporter Shi Xichuan: "Industrial Production Has Embarked on the Road of Sustained, Steady, and Coordinated Development--Comments on the Economic Situation (Part 2)"]

[Text] 1985 is the first year of the overall restructuring of the urban economy and also the last year of the implementation of the Sixth 5-Year Plan. Beginning on 1 January, the CPC Central Committee and the State Council adopted a series of measures to strengthen macroeconomic management and control and to overcome the abnormal phenomena that cropped up in the fourth quarter of 1984. The excessively high rate of industrial production has dropped from 23.1 percent in first half of this year to less than 19 percent and industrial production has embarked on the road of sustained, steady, and coordinated development, bringing about the following five changes:

1. Industrial output, profits and taxes, and state revenue have increased simultaneously and the revenue has increased by 30 billion yuan over that of last year.
2. The nation's light and heavy industries have, on the whole developed simultaneously and both consumption and accumulation have increased by big margins. The basic coordination of the proportional relations is a stabilizing factor preventing great fluctuations in the national economy.
3. The nation's energy production has consistently maintained its good momentum. On the basis of fulfilling the Sixth 5-Year Plan 2 years ahead of

schedule, our coal output is expected to reach 830 million tons this year, thus leaping to second place in the world's coal production. We have registered a sustained and steady increase in oil production, with the annual output continuously surpassing 110 million tons. Electricity production is also quite stable. The trends of energy shortage have markedly slowed down.

4. A continued drop in product quality has been brought under control.

5. Some large and medium enterprises have been invigorated to some extent.

To sum up the experiences gained in the past year, we should concentrate on grasping the following five aspects in order to attain better economic results:

First, it is necessary to improve quality. This is the basis of, as well as the precondition for, improved economic results. Without quality, attainment of better economic results is out of the question. We already have some policies on quality. In future we should gradually perfect them and conscientiously put them into effect.

Second, it is necessary to reduce consumption. In China's industrial production, material consumption accounts for a very large proportion, generally 80-90 percent, of the cost. In foreign countries, however, it generally accounts for only 50-60 percent of the cost. We do not yet have a complete set of systems and methods on reducing consumption, still less a guarantee structure like that of quality control. In the future, we should study the method of using a portion of the earnings derived from reduced material consumption to increase the workers' salaries or a portion of the value thus saved to reward the workers and staff. That is to say, we should link reduced consumption with the interests of the workers and staff members and strive to reduce material consumption by more than 5 percent in 1986.

Third, it is necessary to speed up the turnover of circulating capital. We did not attach sufficient importance to this issue in the past. The management structure characterized by the practice of "everybody eating from the same big pot" has led to the bad habit of asking the higher level for help when cash shortages arise. Now that this practice does not work any longer, the enterprises should foster the concepts of capital turnover and of interest and regard the reduction of capital use and the speeding up of capital turnover as an important aspect of improving economic results.

Fourth, it is necessary to regard the earning of more foreign exchange as an important aspect of improving economic results and to make vigorous efforts to earn more foreign exchange.

Fifth, vigorous efforts should be made to turn losses into profits. Over the past few years, much work has been done in this respect in various parts of the country. However, there are still more than 5,000 industrial enterprises listed in the state plan operating at a loss, with a total loss of about 2 billion yuan. This represents an increase of 2.5 percent over last year. It is no good operating at a loss all the time. For this reason, it is necessary to work out an enterprise bankruptcy law. If an enterprise finds

it difficult to go on operating at a heavy loss, it should declare bankruptcy. Regarding the enterprises operating at a loss, we should first ascertain the causes for the loss. Some enterprises, such as coal enterprises, may operate at a loss in accordance with the stipulations of the policy. Some, however, operate at a loss because of poor operation and management. The latter should study the orientation of their development, turning to other lines of production or transforming themselves. Practice has proven that the circumstances are better in those enterprises where the leaders are devoted to, and have good grasp on, their work, and take effective measures. On the other hand, if the leaders pay no attention to their work or fail to take effective measures, the losses of the enterprises will not drop but may even increase.

The first 5 years of the 1980's will soon be over. Whether or not we shall be able to do economic work still better in the second 5 years will depend on two factors: First, improve operation and management, attain better economic results, reduce consumption, earn more profits and taxes, and increase revenue; second, increase exports, earn more foreign exchange, and catch up with or surpass advanced world levels. These are the basis of our economic construction and also the difficult problems faced by hundreds of millions of workers and staff members. If we succeed in solving these two problems, we shall be ushering in a vivid, dramatic, and highly successful period over the next 5 years.

Part III

HK180641 Beijing JINGJI RIBAO in Chinese 11 Dec 85 p 1

[Article by Reporters Ma Yuxiang and Zhang Jianjun: "Policies for Macroeconomic Control Are Rich in Results--Comments on the Economic Situation (Part 3)"]

[Text] Early this year, after making an all-round analysis of last year's economic situation, the party central leadership and the State Council decided to take a series of measures to strengthen overall economic control. This important policy decision was made on the basis of scientifically summing up our historical experience. It was a correct and timely decision. With the joint efforts of various localities and departments, the measures have now achieved satisfactory results in overall economic controls.

Last year, the capital investment made by the economic sector owned by the whole people increased by 25 percent over the previous year; and, in the first half of this year, this investment increased by another 40 percent over the same period of last year. It was obvious that the economy had grown too fast. In order to control the excessive increase in capital investment, the State Council reiterated that capital construction must be conducted strictly according to plans, required government leaders to bear responsibility for supervising capital investment, and took some new measures, such as restraining credit offers. In the second half of this year, the growth rate of capital investment began falling and is expected to be below the level of the same period of last year.

In the last quarter of last year, some localities, departments, and enterprises violated economic and financial discipline in the name of reforms. They improperly raised wages and issued lavish bonuses in cash or in kind, thus raising the total expenditure for wages and bonuses by more than 40 percent over the same period of the previous year. In order to control the overgrowth in the consumption funds, this year, the state strictly ordered that no excessive bonuses, allowances, and material awards be given to workers and staff members and imposed taxes on last year's issuance of bonuses. At the same time, the state authorities also revised the regulations on taxing the issuance of bonuses in state-owned enterprises and began to impose a wage regulation tax on state-owned enterprises that had linked their payrolls with their profit deliveries and to impose a bonus tax on non-profitmaking institutions and collectively owned enterprises. These economic measures have effectively restrained enterprises and other units from irresponsibly raising the wages and bonuses of their workers and staff members. In addition, the state reduced the budget for administrative expenses in order to more tightly control the purchasing power of various social groups.

In order to solve the problems of the excessive growth in credit issuance and in money supply, the state adopted measures to strictly control the scale of credit and to bring credit offers into line with plans. Banks raised interest rates for people's savings accounts and fixed deposits of enterprises, thus increasing the total volume of deposits and expanding the sources of credit funds. At the same time, interest rates of loans for fixed assets and working funds were raised correspondingly, and this enhanced the economic efficiency of the use of funds. Through efforts in the past 10 months, the scale of credit this year is expected to come down to the planned level.

Now we can say that, through strengthening overall economic control and management, we have succeeded in terminating the runaway phenomena in our economy that appeared in the fourth quarter of last year. We have been gradually removing the unstable factors in our economic development. The general situation is good. However, we should also notice that many problems have not been thoroughly solved yet and, at the same time, new problems may continue to appear in the course of development. We must often pay attention to the new tendencies and new problems in economic development and should take necessary measures to promptly and effectively deal with these problems so as to ensure the sustained, stable, and coordinated development of the national economy and to create a favorable economic environment for the smooth advance of the economic structural reforms.

/8918

CSO: 4006/475

NATIONAL POLICY AND ISSUES

PAPER ON CHANGES IN ECONOMIC GROWTH MECHANISM

HK240649 Beijing GUANGMING RIBAO in Chinese 14 Dec 85 p 3

[Article by Chen Xianchang [7115 6343 2490]: "Changes in the Models of Economic Growth Mechanism"]

[Text] Modern economy as a whole can be regarded as a highly developed commodity economy. Whether a country's economic development can rank itself alongside other countries with modern economies is determined by the degree and way that the country's economy is related to commodities, currency and market. Fundamentally, our country's economic structural reform is designed to realize a transformation from a traditional product economy to a commodity economy. What plays a vital role, and is indispensable in this "transformation," is the switch of the social economic growth mechanism from a traditional, supply-promoted type, to a demand-promoted type.

Well-known Hungarian economist Janos Kornai, classifies the economic systems in reality into demand-restricted and resource-restricted types, in his book "Shortage Economics." What Kornai calls a resource-restricted economy is in fact a supply-promoted type of economy that is in fact not restricted by market demand, and that relies on state mandatory plans to promote social economic growth. What Kornai calls a demand-restricted economy is a demand-promoted economy that relies on market demands to promote economic development. In our country's actual economic reform, the process of transition from a traditional product economy to a planned commodity economy is also the process of transition from a supply-promoted to a demand-promoted type of economic growth mechanism.

In a capitalist commodity economy, the demand-promoted type of economic growth mechanism is combined with capitalist economic competition, anarchy, and with the means of capital attaining the objective of exploitation, it is transformed into the social economic results of capital and promotes the development of capitalist economy. This social economic growth mechanism, specific to the commodity economy itself, is after all not a capital relationship, but a commodity economic relationship. A socialist economy is a planned commodity economy established on the basis of public ownership, in which social demand which reflects the change in the supply and demand relations

in the market, regulates production and promotes economic development under the guidance of state plans. These plans can coordinate the interests of the whole society and eliminate the problems of macro competition and anarchy in a capitalist economy. However, state plans should not ignore the factors of supply and demand. If they ignore these factors, they will not be able to play their role in regulating the economy.

As our country's economic structural reform deepens, the role of consumption demand in our economic growth mechanism will become increasingly greater, the tendency of investment expansion created by the supply-promoted growth mechanism will be restrained, and the demand for final products with consumption demand as its core will begin to become the most active factor to influence and determine the rate and orientation of economic growth. All these will create good environmental conditions for the transformation of our country's economic growth mechanism to a demand-promoted type. They will urge enterprises: To establish the mechanism of a benign cycle between investment demand and the demand for final products; to pay attention to the ratio between input and output and to the economic and social economic results of their input; to make it imperative for enterprises to conscientiously respond to the signals of prices which reflect supply and demand relations in the market; and to continue to promote the transformation from a sellers' market where supply fails to meet demand to a buyers' market where supply exceeds demand a little. Of course, the emergence of a buyers' market and the realization of the transformation of the economic growth mechanism can only be possible under normal market conditions, and in particular, under the condition of rational prices.

In order to develop the planned commodity economy, we must realize the transformation from an economic growth mechanism that is mainly of a supply-promoted type to an economic growth mechanism that is mainly of a demand-promoted type. However, the establishment of a demand-promoted type of economic growth mechanism is characterized and conditioned by the emergence of a buyers' market. Without the emergence of a buyers' market, there will not be an economic growth mechanism that is primarily of the demand-promoted type. Thus, it will be impossible to develop the planned commodity economy. Therefore, realizing the transformation to a demand-promoted type of economic growth mechanism which is characterized by the emergence of a buyers' market is an important precondition for attaining the objectives of our economic structural reform.

/6662

CSO: 4006/488

NATIONAL POLICY AND ISSUES

CHONGQING HOSTS MEETING OF KEY CHANG JIANG CITIES

HK220349 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 21 Dec 85

[Text] The first meeting of the Economic Coordination Association of key cities along the Chang Jiang was held in Chongqing from 19 to 21 December. The initiating organizations from Shanghai, Nanjing, Wuhan, and Chongqing and the delegations from these cities discussed the great affair of speeding up economic development in Chang Jiang basin.

In accordance with the spirit of instructions of leading comrades of the CPC Central Committee and State Council on speeding up economic development in the Chang Jiang basin.

In accordance with the spirit of instructions of leading comrades of the CPC Central Committee and State Council on speeding up economic development in the Chang Jiang basin, beginning in August this year Shanghai, Nanjing, Wuhan, and Chongqing initiated the organization of an Economic Coordination Association for the key cities along the Chang Jiang. A meeting of the association was held, at which the participants agreed on the nature, tasks, and organizational principles of the association.

The association will organize and stimulate the departments, trades, and enterprises and units concerned to conduct comprehensive and specialized investigations of exploiting and using the Chang Jiang, study policies, coordinate plans, guide economic and check on and supervise their implementation.

At the coordination meeting, the four cities agreed on coordination moves for developing joint transport and joint operations along the Chang Jiang, expanding the circulation channels for domestic and foreign trade, strengthening economic and technological cooperation, stimulating science and technology exchanges, coordinating tourism along the Chang Jiang, invigorating capital and finance, improving posts and telecommunications, and exchanging economic information.

The holding of this meeting will be of great practical and historical significance for linking east and west and north and south in the national economy.

/8918

CSO: 4006/473

NATIONAL POLICY AND ISSUES

COMPLETION OF ENTERPRISE CONSOLIDATION ANNOUNCED

OW210222 Beijing XINHUA Domestic Service in Chinese 1227 GMT 20 Dec 85

[By reporter Huang Fengchu]

[Text] Beijing, 20 Dec (XINHUA)--Yuan Baohua, head of the National Enterprise Consolidation Leading Group, announced today that after 4 years of efforts, the task put forth by the party Central Committee to overhaul the existing enterprises before 1985 has been successfully completed, and that the nearly 50,000 state enterprises, including 3,000 large and medium-sized key enterprises, listed in the national enterprise consolidation plan have all passed the acceptance test.

Since the CPC Central Committee and the State Council made the "decision on carrying out comprehensive consolidation of state industrial enterprises" in 1982, all localities and departments have carried out the nationwide consolidation in a planned and systematic manner and have scored remarkable achievements in overhauling the enterprises over the past 4 years.

--In line with the requirement for making members of the leading body younger in average age, better educated, and more professionally competent and revolutionary, all enterprises have completed the succession of the old by the new. According to data concerning 18,000 party and administrative leading cadres of 2,900 large and medium-sized enterprises in the country, their average age is 45, with cadres in their 40's forming the backbone of leading bodies; 74 percent have college or higher education, of which 89 percent of plant directors and 81 percent of party committee secretaries have college or higher education, respectively 40 and 70 percent more than the figures before the consolidation; and the number of members in the enterprise leading body has decreased by one-third.

--As a result of the continuous improvement of the enterprises' economic responsibility system, the income of staff members and workers has been further linked to their performance, the egalitarian practice in distribution discontinued, and the enthusiasm of the staff members and workers harnessed.

--Basic works in enterprise management have been improved. The rate of products with specifications has increased from 60 percent before to 80 percent after the consolidation; and the inspection rate of weights and measures has reached 88 percent. Over 4,900 enterprises have reached the state weight and measure standard at various levels.

--Initial results have been achieved in overhauling labor organizations. Over the past 4 years, enterprises in industry, transport, construction, and commerce have made arrangements for 3 million surplus personnel. Large and medium-sized enterprises have explored new lines of production by setting up production and labor service companies and developing the tertiary industry.

--The political, cultural, and technical quality of staff members and workers has been improved. According to statistics in 17 provinces, autonomous regions, and municipalities, about 80 percent of young and middle-aged staff members and workers have attended make-up classes on political affairs and general knowledge, a figure fulfilling the state requirement; about 70 percent of staff members and workers have received specialized technical training; and over 95 percent of the nearly 60,000 plant directors (managers) have passed the national unified examination.

--Economic efficiency has been raised. In the first 11 months of this year, the industrial enterprises increased their total output value by 33.6 percent and earned and delivered to the state 18.5 percent more profits and taxes over the same period in 1982, while the number of enterprises suffering from deficits decreased by more than 7,000. The consolidation of enterprises is an important factor for these achievements.

Explaining the preliminary measures for strengthening enterprise management during the Seventh 5-Year Plan period, Yuan Baohua said: Under the premise of earnestly implementing the guidelines of the National Conference of Party Delegates, stepping up the building of spiritual civilization, and facilitating the economic structural reform, it is necessary to persistently focus attention on increasing the economic efficiency and overall social benefit, improving product quality, lowering material consumption, and raising the quality of enterprises in all fields in order to adapt enterprise management to meet the basic requirements of economic structural reform and national economic development and lay a solid foundation for vigorous economic growth in the next decade.

/8918

CSO: 4006/473

NATIONAL POLICY AND ISSUES

BRIEFS

BEIJING PRICE HIKE RUMORS DISPELLED--Beijing Vice-Mayor Han Boping has dispelled rumours of impending prices for some goods. "There will be no price increase for knitting wool, grain and rapeseed oil," the vice mayor told Beijing residents at the weekend. He said both the municipal and central governments have decided not to raise prices for grain and edible oil. And the city authorities have also no intention or arrangement for any price rise for knitting wool. Since December, BEIJING EVENING NEWS reports, the city had been seized by panic buying of those items after rumours said they would go up. [Text] [Beijing CHINA DAILY in English 1 Jan 86 p 3 HK] /6662

CSO: 4020/158

PROVINCIAL AFFAIRS

SHANGHAI TO GIVE PRIORITY TO POSTS, TELECOMMUNICATIONS

HK240607 Beijing ZHONGGUO XINWEN SHE in Chinese 1351 GMT 19 Dec 85

[Report by Shu Rong [5289 5554]: "Shanghai to Invest Over 800 Million Yuan in Posts and Telecommunications During the Period Covered by the 'Seventh 5-Year Plan'"]

[Text] Shanghai, 19 December (ZHONGGUO SINWEN SHE)--Posts and telecommunications have been listed as one of the priorities Shanghai will develop during the period covered by the "Seventh 5-Year Plan." Shanghai will invest 825 million yuan in the development of posts and telecommunications, which is five times more than the figure during the "Sixth 5-Year Plan."

According to the plan, by the year 1990, Shanghai will have a total of 600,000 telephone sets installed in the city and the number of international telephone circuits will be increased to 1,000. Shanghai will also use program control telephones extensively in the city proper, experiment with fibre optic and digital microwave communication systems, and accelerate the construction of a domestic satellite station. New services, such as digital communications, household telegrams, cable, household video telephones, mobile communications and so on, will also be introduced. In the meantime, Shanghai will build another 100 post offices throughout the city within 5 years and gradually realize mechanization and automation in dealing with postal matters.

/8918
CSO: 4006/475

PROVINCIAL AFFAIRS

BRIEFS

ENERGY, HOUSING DEVELOPMENT REPORTED--During the Sixth 5-Year Plan period, our province has fairly rapidly developed its energy production. Newly added coal capacity has reached 6.84 million tons, oil capacity 9.74 million tons, and installed power generation capacity 1.233 million kilowatts. During the Sixth 5-Year Plan period, our province has built more than 28 million square meters of houses, of which some 17 million square meters are residential houses, showing an increase of 5.87 million square meters over the residential houses completed during the Fifth 5-Year Plan period. Housing conditions and living environment for urban residents have improved to a fairly great extent. During the Sixth 5-Year Plan period, our province has tapped the potential of its available irrigation projects. It has improved 240 10,000-mu irrigated areas, and sunk 8,000 electric pump wells for paddyfields, and built more than 1,000 small water supply stations with circulating funds and the funds collected by the masses, thus expanding paddyfields by 2.42 million mu, greater than the total acreage of paddyfields increased during the 30 years before the Sixth 5-Year Plan period. [Text] [Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 18 Dec 85 SK] /8918

CSO: 4006/473

ECONOMIC DEVELOPMENT ZONES

DALIAN EDZ ATTRACTING LARGE FOREIGN INVESTMENT

Shanghai WENHUI BAO in Chinese 4 Oct 85 p 1

[Article: "Many Foreign Merchants Investing in Dalian EDZ; 121 Joint Ventures Started"]

[Text] Efforts to attract foreign business to the Dalian Economic Development Zone have achieved marked results since the first half of this year, with a total of 121 joint capital or cooperative ventures with foreigners already established in the zone, including contracts for the creation of nine joint industrial enterprises with America, Japan and Hong Kong, involving the equivalent of 101.14 million yuan. Fifteen similar agreements were signed with Australia, France, West Germany, Japan and Hong Kong with a total investment value worth 315,695,000 yuan.

Plans for the Dalian EDZ from this year to early next year involve 34 construction projects, of which 4 or 5 will be ready to go into production by the end of this year. Of the 34 projects, 20 are joint capital ventures and 2 are cooperative enterprises also involving foreign investment. Construction began on 31 August to build the Dalian Orient Computer Development Co., Ltd after the signing of the joint venture contract between Fushun and Hong Kong this April. Work has already begun or is about to begin on various joint venture projects such as the Qinggang Hotel, the Yamei Construction and Decoration Co., Ltd, and the Bimetallic Compound Saw Factory.

The Dalian EDZ has attracted much foreign business. Since its establishment it has already received more than 2,800 foreign businessmen in 415 groups from 28 countries and regions to visit and participate in negotiations.

12221/12859

CSO: 4006/357

ECONOMIC DEVELOPMENT ZONES

DALIAN OVERHAULS FACTORIES WITH FOREIGN FUNDS

OW071236 Beijing XINHUA in English 1127 GMT 7 Dec 85

[Text] Dalian, December 7 (XINHUA)--Dalian, the most important trading port in northeast China, is using 70 percent of foreign investment and imported technology to overhaul existing factories.

Since the coastal city was opened to foreign investment last year, more than 130 enterprises have been retooled, city officials said.

This has enabled them to produce an extra 500 million yuan worth of goods a year.

Another 150 factories have retooling schemes now under way, and city chiefs hope to have retooled all major enterprises by 1990.

In the first 11 months of this year, the city attracted 328 million U.S. dollars of foreign funds and imported 377 items of technology, compared with 190 million dollars and 252 items last year.

Dalian steel mill has imported a production line from the Federal Republic of Germany to make high speed tool steel.

It now exports half the product, and expects to make a profit of more than 10 million yuan this year.

Dalian shipyard can produce marine diesel engines by using imported technology from Denmark and Switzerland. In the past, these engines had to be imported.

/9599

CSO: 4020/156

ECONOMIC DEVELOPMENT ZONES

GUANGZHOU ECONOMIC ZONE TO STEP UP DEVELOPMENT

OW272122 Beijing XINHUA in English 1430 GMT 27 Dec 85

[Text] Guangzhou, December 27 (XINHUA)--Guangzhou's economic and technological development zone wants to attract five times as much foreign investment next year as this, zone Administrative Committee Director Miao Enlu said today. Foreign investment is expected to amount to 26 million U.S. dollars in 1986, he said. And 11 Sino-foreign joint ventures and co-operative businesses will open there.

Miao said the zone had clinched 36 deals involving industrial production and service trades with firms from overseas, Hong Kong, and Macao since it was set up a year ago. Total investment in them would reach 49 million dollars.

He said: "The local authorities will spend 160 million yuan (about 50 million dollars) on infrastructure in 1986 to improve conditions for foreign investors." The zone will import microwave program-controlled telephone switchboards with a total capacity of 10,000 lines next year. "Direct dialing services are now available between the zone and major Chinese cities, the United States, Hong Kong, and Macao," he said. An 11-kilometer power transmission line would begin supplying electricity next year, and a 36,000-kilowatt power plant was being built. Work began a year ago on the 9.6-square-kilometer zone, designed to introduce foreign funds to develop new industries and technology. It is 35 kilometers from the Guangdong provincial capital of Guangzhou, and 88 nautical miles from Hong Kong.

The first stage of development involves two sub-zones covering 2.6 square kilometers, which will be completed within 5 years.

/9599

CSO: 4020/156

ECONOMIC DEVELOPMENT ZONES

TIANJIN FOREIGN INVESTMENT ZONE SIGNS CONTRACTS

OW171324 Beijing XINHUA in English 1232 GMT 17 Dec 85

[Text] Tianjin, December 17 (XINHUA)--The Tianjin special foreign investment zone has signed contracts for 19 joint ventures worth 47 million U.S. dollars since it was set up last December.

This was announced by Zhang Wei, general manager of the zone's general corporation, in an interview here today.

Of the 19, seven joint ventures with an investment of eight million U.S. dollars were ready for operation, he said. Some 80 percent of the products of six joint ventures were expected to be exported, he added.

Zhang said that Tianjin City had negotiated on 400 projects with businessmen from 300 firms in the United States of America, Federal Germany, France, Belgium, Japan, Canada, Denmark, Britain, and Australia.

Construction of 11,000-square meters of workshops for a Sino-Danish bicycle venture had been completed, he said. The venture was expected to be put into trial production later this month, he added.

Work had started on another 108,000 square meters. Now, 0.6 sq km out of the total area of 33 sq km was ready for factory construction, he said.

Talking of next year's plan, Zhang said at least 30 new joint venture contracts would be signed and 20 joint enterprises would start business there.

"The purpose of the special foreign investment zone is to let foreign investors make profits, and we will give them all the facilities to do so," he said.

/9599
CSO: 4020/156

ECONOMIC DEVELOPMENT ZONES

BRIEFS

JOINT VENTURES IN LIANYUNGANG EDZ--According to KAIFA BAO, the city of Lianyungang has taken stable, solid measures to gradually build and expand its economic development zone instead of blindly rushing headlong into precipitate action. No disproportionate development or allocation of funds has occurred in the process. Their efforts recently won the praise of the Central Committee leadership. The Lianyungang EDZ has been designated to cover an area of 10 square kilometers. Basing themselves on the principle of developing areas bit by bit, it has been decided to begin with 3 square kilometers, with the focus on construction in 0.6 square kilometers and plans for continued expansion later. In this way the EDZ can support itself and its own growth. Construction within the zone is not to begin until plans and preparations are complete. Seven joint ventures have already been started in the zone, with another 13 projects in the planning stage. [Text] [Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 12 Nov 85 p 3] 12221/12859

CSO: 4006/357

AGGREGATE ECONOMIC DATA

PRINCIPAL INDUSTRIAL PRODUCTION FIGURES

HK240851 Beijing JINGJI RIBAO in Chinese 17 Dec 85 p 2

["Principal Statistical Data on Industrial Production, Communications and Transportation for November 1985" supplied by the State Statistical Bureau]

[Text]

Items	Jan-Nov 1985	Nov 1985	Percentage Increase/ (Decrease) over Jan-Nov 1984
Gross industrial output value	749,900,000,000 yuan	70,330,000,000 yuan	18.4
Light industrial output value	374,710,000,000 yuan	36,120,000,000 yuan	20.3
Heavy industrial output value	375,190,000,000 yuan	34,210,000,000 yuan	16.5
Bicycles	29,504,100	2,902,700	14.0
Sewing machines	8,944,500	902,000	4.7
Wrist watches	33,341,000	3,703,000	15.9
Television sets	14,352,500	1,428,200	66.4
Radio receivers	14,500,700	1,266,500	(30.0)
Audio recorders	11,437,600	1,128,200	79.4
Family washing machines	8,016,000	743,000	55.8
Cameras	1,621,500	182,200	41.8
Electric fans	28,460,100	2,399,700	78.7
Family refrigerators	1,221,200	144,900	170.0
Synthetic fiber	856,400 tons	87,700 tons	30.8
Yarn	3,211,100 tons	309,500 tons	8.9
Cloth	13,019,000,000 meters	1,243,000,000 meters	9.5
of which Synthetic cloth	5,583,000,000 meters	487,000,000 meters	4.3

Silk cloth	1,236,000,000 meters	116,000,000 meters	19.8
Woolen cloth	193,460,000 meters	17,470,000 meters	22.3
Knitting wool	109,200 tons	10,200 tons	10.7
Sugar	3,447,200 tons	280,600 tons	17.8
Crude salt	13,584,000 tons	1,113,000 tons	(12.7)
Cigarettes	21,256,000 boxes	2,308,000 boxes	11.7
Beer	2,933,100 tons	179,400 tons	40.4
Machine-made paper and paper board	7,599,300 tons	681,900 tons	16.4
Lamps	1,389,000,000	131,000,000	9.1
Crude coal	769,320,000 tons	72,460,000 tons	10.6
Crude oil	114,184,000 tons	10,441,000 tons	9.3
Natural gas	11,824,000,000 cubic meters	1,120,000,000 cubic meters	6.3
Electricity of which hydro- electricity	370,340,000,000 kilowatt-hours	35,180,000,000 kilowatt-hours	8.8
	84,320,000,000 kilowatt-hours	7,320,000,000 kilowatt-hours	6.2
Pig iron	39,708,000 tons	3,769,000 tons	8.1
Steel	42,685,000 tons	4,081,000 tons	7.0
Rolled steel	34,005,300 tons	3,184,500 tons	9.3
Coke (machine made)	35,621,900 tons	3,335,700 tons	7.2
Sulphuric acid	6,169,300 tons	542,700 tons	(18.7)
Soda ash	1,832,800 tons	176,500 tons	5.9

Caustic soda	2,151,200 tons	198,900 tons	5.4
Chemical fertilizer	12,514,000 tons	980,300 tons	(8.5)
Chemical medicine	55,200 tons	5,600 tons	6.8
Chemical pesticide	198,200 tons	8,500 tons	(33.1)
Cement	130,416,000 tons	12,948,000 tons	17.7
Plate glass	50,542,600 standard boxes	5,136,600 standard boxes	19.2
Electricity gener- ating equipment	3,932,500 kilowatts	179,900 kilowatts	8.3
Machine tools	142,200	11,900	18.0
Automobiles	409,700	33,400	42.4
Small tractors	748,800	45,300	19.4
Locomotives	691	59	14.0
Volume of rail freight	1,172,000,000 tons	105,000,000 tons	5.4
Volume of cargo freight of the ships directly under the ministry of communications	171,000,000 tons	15,000,000 tons	9.4

/8918
CSO: 4006/475

ECONOMIC MANAGEMENT

HEILONGJIANG GOVERNOR SPEAKS ON LATERAL ECONOMIC TIES

SK301327 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 29 Dec 85

[Text] At today's provincial on-the-spot meeting on strengthening lateral economic ties held in Zhaozhou County, provincial governor Hou Jie said: Zhaozhou County's experiences in strengthening lateral economic ties are of universal significance. We should intensify our work, carry out extensive associations and cooperation of various forms, and strive to develop our province's industry.

Hou Jie said: Development of lateral economic ties is a requirement of the objective economic law, an area in which we should make a breakthrough when conducting the economic reform, and a need to accelerate economic development by learning from others' strong points to offset our weaknesses. In turning our province's advantages in natural resources into economic advantages, and changing our industrial backwardness, an important way out is to learn from Zhaozhou's experiences to expand lateral economic ties.

In order to promote the healthy development of lateral economic ties, he urged all localities and competent departments throughout the province to carry forward the spirit of exploration, earnestly sum up experiences and lessons in line with actual conditions, successfully work out plans on the basis of thorough investigation and study, and carry out economic cooperation in a planned and step-by-step manner.

He said: We should proceed from reality in carrying out economic cooperation and formulating plans. We should refrain from rushing without forethought, from establishing ties everywhere without considering conditions and possibilities whenever we mention lateral ties, and from doing the work for appearance's sake without paying attention to actual results. In formulating plans for lateral economic ties, we should bear in mind the development strategy of our own localities, and work out plans compatible with the strategy for the development of our own localities on the basis of the economic advantages and characteristics and the key issues on economic development of our own localities. Emphasis should be placed on four areas. The first is the development of natural resources. The second is the improvement of the technological and managerial levels of the existing enterprises, with improving their competence and reducing consumption as the key. This should be

the major work. The third is the development of new products and new technologies cooperatively focusing on imitation and technological transfer. The fourth is supporting large enterprises and key products by processing spare and component parts for them, and carrying out the production tasks scattered by large enterprises. At present, when the supply of funds is strained all over the country, we should emphasize cooperation in production of brand name products. We should greatly increase the production of quality brand name products and readily marketable products. In strengthening technology and cooperation, we should focus on transferring technology from outside the province, transferring military technologies to production for civilian use and transferring urban technologies to townships and towns, and applying scientific research findings to production so that we can improve the technical levels of the existing enterprises. In the meantime, through cooperation, we should import and train technical personnel. Where conditions permit, we should also actively import funds to develop resources jointly. When developing lateral economic ties, we should pay attention to local and nearby areas. Whenever cooperative ties can be established within the province, we should not look far and wide for what lies close at hand and establish ties with areas outside the province. In order to promote cooperation among different prefectures of the province and between urban and rural areas, plans should be worked out to establish economic cooperation zones at different levels, of different scales, and with different characteristics centering in large and medium-sized cities. In this way, the function of central cities to expand to surrounding areas can be developed, central cities can lead the industrial development of townships and towns, the ties between urban and rural areas can become closer, and urban and rural areas can support each other and achieve common prosperity. Large and medium-sized cities, in particular, should support remote areas in coordinated fields in order to help them develop the economy. Cooperation and associations should be carried out through various channels and measures and at various levels. The principle of mutual benefit is the foundation of cooperation and associations. Only when we adhere to this principle can we boost the enthusiasm of all parties involved, promote the associations, and consolidate the achievements of the associations.

Governor Hou Jie urged: All provincial departments should actively render a service to the development of lateral economic ties. They should take the results in lateral economic ties among various trades and in economic development as the major criteria for judging the performance of the various departments, bureaus, and companies directly under the province. In transferring scientific research findings of scientific research units and colleges and universities, we should give the priority to areas within the province when their conditions are the same as those of areas outside and counties with poor foundations when transferring technologies in order to support their economic development.

/6662

CSO: 4006/501

ECONOMIC MANAGEMENT

QINGHAI: SONG RUIXIANG SPEAKS AT ECONOMIC REPORT MEETING

HK301155 Xining Qinghai Provincial Service in Mandarin 2330 GMT 26 Dec 85

[Text] In the afternoon of 25 December, the provincial CPC committee and government held an economic report meeting, at which Comrade Song Ruixiang, vice secretary of the provincial CPC committee and governor, delivered a report entitled: Studying Fraternal Provinces and Regions in Order To Expedite the Province's Economic Development.

Comrade Song Ruixiang's report is divided into three parts. The first two introduce experiences of economic development in Ningxia region and Gansu Province, as well as economic invigoration in southern Jiangsu. The third part discusses his thinking about the province's economic work.

After discussing the current economic situation and that of fighting against disasters in pastoral areas in the third part of the report, Comrade Song Ruixiang puts forward seven issues that are worth discussing and studying in order to expedite the province's economic development during the Seventh 5-Year Plan period.

First, we must place the development of agricultural production in a dominant position. We must grasp it firmly and well in the same way as we handle the most important matters.

Second, we should strive to create conditions that basically put an end to the situation of raising livestock by entirely depending on natural conditions. Instead, we should give full play to the province's advantages for developing animal husbandry. We must be determined in building grassland for grazing in winter and spring, running the fodder industry, and promoting the development of rotation grazing at herders' settlements. We must organize the efforts by various sectors to build protected areas into the bases for commodities of animal husbandry. We must greatly develop animal husbandry in agricultural areas, and really do well in the work of planting trees and growing grass.

Third, we should grasp well the economic work in urban areas and give full play to the diversified roles of cities.

Fourth, we should pool together our limited funds to develop small economic zones. We should strive to gain more profits with small amounts of investment, and to strengthen our capability of developing ourselves.

Fifth, we should actively promote economic and technological cooperation with fraternal provinces and regions, particularly the advanced areas. We should promote the establishment of diversified extensive economic links, so as to expedite the province's economic development.

Sixth, we must regard as an important issue the work of extricating ourselves from poverty. Various provincial units must follow the plans of the provincial CPC committee and government, and really adopt effective measures to accomplish the work on a contract basis.

Seventh, we must have a good mental attitude. We must take the overall situation into consideration, lay stress on unity and practical results, and make judgment by comparing achievements.

The report meeting was presided over by Han Yinxuan, standing committee member of the provincial CPC committee. It was attended by leading comrades of the provincial CPC committee, the provincial government, the provincial people's congress standing committee and the provincial CPPCC; as well as responsible people from the provincial departments concerned and Xining City.

/6662

CSO: 4006/501

ECONOMIC MANAGEMENT

ANHUI MEETING DISCUSSES URBAN ECONOMIC REFORM

OW241055 Hefei Anhui Provincial Service in Mandarin 1100 GMT 23 Dec 85

[Text] The Anhui Provincial Conference on urban economic reform took place in Bengbu City 18-22 December. According to the meeting, the guidelines for reform in 1986 are: Continue to implement the reform measures that have already been set; consolidate the achievements of reform; improve enterprises' capability for digesting new technology; and draw up relevant regulations for reform so that all reform projects can be gradually perfected and become more coordinated.

Wang Yuzhao, governor of Anhui, and Lu Rongjing, deputy secretary of the provincial party committee, addressed the conference. Gui Jianxiao, vice chairman of the provincial advisory commission and Su Hua, vice chairman of the Standing Committee of the provincial People's Congress, attended the meeting, which was chaired by Zhang Dawei, vice governor of Anhui.

Song Ming, vice governor of Anhui, conveyed the guidelines set forth by the national conference of technological achievements.

Thanks to the urban economic reform, Anhui's industrial and agricultural production in 1985 has been better than any previous year. This year, Anhui's total agricultural output is expected to reach 18 billion yuan, up 17 percent over last year; the province's total industrial output is expected to reach 21 billion yuan, an increase of 20 percent over 1984; and the province's revenue is expected to reach 3 billion yuan, an increase of 23.1 percent over 1984.

In his speech, Governor Wang Yuzhao laid down the projects for reform for 1986. He said that 1986 will be a year in which reform, especially urban economic reform, will continue to develop, and special attention should be attached to the following tasks:

1. Continue to revitalize the enterprises, particularly the large and mid-size enterprises. [Words indistinct] and properly organize various other ancillary reform projects, [words indistinct] and create an even more favorable environment and conditions for enterprises so that they can develop and transform themselves more effectively.

2. Energetically develop the commodity market according to plan, remove administrative and regional barriers, and, with cities as centers, properly organize a multi-layered, efficient, and open commodity circulation network, which links urban and rural areas in Anhui and other provinces in accordance with the rational flow of commodities.

3. Increase the utilization of capital by enlivening its circulation. The use of capital should be appropriately centralized so that it can be more effectively used where it is needed most. Financial and banking departments should pay attention to developing commodity production, and take active measures to expand the financial resources. All localities should learn how to explore, amass, and use financial resources.

4. Continue to restructure the county-level economic system in a comprehensive manner so that the economic growth of various counties can be boosted as quickly as possible after being given greater authority and benefits according to the relevant policies.

The delegates heard a report about the experiences gained by Bengbu, one of the cities in the county designated to experiment with economic reform, and visited a cotton plant, a cigarette plant, a linen plant, a small commodities market, an agricultural market, and a wholesale market.

Hefei and Wuhu cities and a number of enterprises also introduced their experiences in carrying out reform.

/6662

CSO: 4006/488

ECONOMIC MANAGEMENT

RURAL ECONOMIC SERVICE NETWORKS SET UP IN SICHUAN

HK111010 Beijing RENMIN RIBAO in Chinese 9 Dec 85 p 2

[Report by XINHUA reporter Mao Chaojing [3029 2600 2417]: "Rural Economic Service Centers Extensively Set up in Sichuan"]

[Excerpts] Rural economic service centers (companies) with "links to both the economic departments at the higher levels and thousands of households at the lower levels" have been set up in most townships in Sichuan Province. A new trial has been blazed in reforming the rural operations and management structure and in invigorating operations and management.

The setting up of the rural economic service centers (companies) in various part os Sichuan has changed the situation characterized by a "poor, weak, and unstable" contingent of rural economic service workers and stimulated the rapid development of the rural economic service work. The province has a contingent of more than 140,000 rural economic service workers either withdrawn or not withdrawn from production. They support themselves and expand by providing paid services. Last year, the income of the rural economic service centers (companies) throughout the province reached more than 27 million yuan, an average of more than 3,900 yuan for each center (company), thus reducing the burden of the state and the peasants. Because the professional accountants of the rural economic service centers (companies) have undertaken the operations and management and the financial affairs of townships, villages, and groups on a contract basis, the number of rural accountants has dropped by 81 percent, thus reducing the allowances paid to the rural accountants for the loss of working time. The income of professional accountants has also increased by more than 300 percent, thus stabilizing the contingent of rural economic service workers.

/6662

CSO: 4006/488

ECONOMIC MANAGEMENT

NATIONAL TRADEMARK COMMISSION ESTABLISHED

OW051222 Beijing XINHUA in English 1204 (MT 5 Dec 85

[Text] Beijing, December 5 (XINHUA)--A national trademark commission was established here today to investigate ways of improving trademark management.

The inauguration came at the end of a 7-day conference here on advertising and trademark management.

Gan Guoping, deputy director of the State Administration for Industry and Commerce, told the conference that although a number of criminals who had forged trademarks had been jailed, it was vital that crackdown on offenders continued.

The new commission will conduct research and will advise the administration on how to be more effective. It is attached to the China industrial property organization, which is in turn affiliated to a United Nations body.

Gan stressed that to enable better supervision, all manufacturers should print their names and addresses on their trademarks. General terms, such as "Made in China", should be used only on export products, he added.

The rapid development of China's commodity production in recent years had greatly spurred the usage of trademark, Gan noted. There were now more than 123,000 trademarks--an almost 300 percent increase on the 1979 figure.

Producers of coal and agricultural and native produce were now also using trademarks, he added.

Such growth was likely to continue. Therefore efficient and effective supervision of trademarks was vital.

/6662
CSO: 4020/158

ECONOMIC MANAGEMENT

FIRST PATENT CERTIFICATES ISSUED

OW281749 Beijing XINHUA in English 1511 GMT 28 Dec 85

[Text] Beijing, December 28 (XINHUA)--Chinese authorities today issued 143 patent certificates to domestic and foreign enterprises and individuals in a move to protect inventions.

The certificates, issued by the Chinese Patent Bureau, are the first of their kind issued by the People's Republic.

Twenty-seven have been issued to foreign concerns, including ones from Denmark, the Federal Republic of Germany, the Netherlands, Japan, Norway, Switzerland and the United States.

Huang Kunyi, director of the Chinese Patent Bureau, said the issue of patent certificates would help kindle people's enthusiasm for creation and invention. It would also encourage the export of foreign technology to China.

A ceremony here to mark the issuing of the certificates was attended by 600 people, including Chinese Communist Party and Government officials.

Vice-Premier Li Peng told the ceremony that China would strictly observe the patent law, and he urged judicial departments to give it full support.

Ren Jianxin, vice-president of the Supreme People's Court, said in an interview with XINHUA: "Any creation and invention, be it Chinese or foreign, will certainly be protected by Chinese law as long as an application is approved by the patent bureau."

Since China's patent law went into effect in April, the bureau has received more than 14,000 applications--a third of them from abroad.

Dr Aparad Bogach, director-general of the World Intellectual Property Organization, and other foreign patent officials, sent messages of congratulations to China for today's ceremony.

/6662

CSO: 4020/158

ECONOMIC MANAGEMENT

TIANJIN COMMENTARY CALLS FOR PUNISHING ECONOMIC CRIMINALS

SK240548 Tianjin City Service in Mandarin 0030 GMT 24 Dec 85

[Station commentary: "Give Strict Punishment to Economic Criminals and Ensure the Smooth Implementation of the Policy on Reform and Opening to the Outside World"]

[Excerpt] Over the past few days the municipal people's courts at all levels have held open trials to strictly punish a group of economic criminals according to law. Such a move has displayed the power of the people's democratic dictatorship, frightened the criminals, and inspired the people.

At present, along with the deep implementation of the principles and policies on opening to the outside world and invigorating the economy, our country has witnessed vitality. The political and economic situations are among the best in history. However, under the new situation a small number of persons have engaged in profiteering, corruption, swindling, and other illegal and criminal activities under the pretext of reform. In addition, some political degenerates who have failed to resist the corrosive influence of capitalist ideology have abused their positions and power to engage in corruption, to accept bribes, and to seek personal gain.

Since the beginning of this year the number of economic criminal cases have increased slightly over last year and many of them are major and appalling cases. These economic criminal cases have not only brought great economic losses to the state and the people but have also seriously corrupted the cadre ranks and undermined the building of the socialist spiritual civilization. We should be fully prepared ideologically and should launch resolute and long-term struggle against economic criminal activities.

Our principle for such work is to resolutely deal blows to economic crimes while attending to the practice of opening to the outside world and invigorating the economic and to reform, and to give strict punishment to criminals. The broad masses of Communist Party members, cadres, and the masses should take vigorous action and take part in the struggle against economic criminal activities. We should strive to enhance our ideology and understanding and

punish all law violators in line with the law regardless of their positions or official ranks. Furthermore, we should return all illicit money and articles thus gained to their owners. By no means should we allow them to take advantage economically. Those persons who have been involved in the cases should be given party or administrative disciplinary sanctions according to the seriousness of their cases.

/6662

CSO: 4006/501

ECONOMIC MANAGEMENT

HEILONGJIANG 'SUGGESTS' MANAGERS SENT TO LOWER-LEVEL ENTERPRISE

SK270406 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 26 Dec 85

[Text] While approving and disseminating the suggestion offered by the Organization Department of the provincial CPC committee and by the provincial Personnel Supervision Bureau on selecting and sending some managerial cadres and professional technicians to help develop town and township enterprises, the provincial CPC Committee and the provincial People's Government have stressed: To vitalize our province's economy, an important measure is to select part of the managerial cadres and professional technicians from among party and government organizations, establishments and large state-owned enterprises and then dispatch them to counties, districts, towns, townships, urban neighborhoods, farms, and forestry and livestock farms in order to help them develop town and township enterprises. CPC committees and people's governments at all levels must throw themselves into this work, pay attention to summing up experiences, actually strengthen leadership over this work, and appropriately organize and utilize those cadres and technicians to be sent to lower levels in order to bring their initiative into full play and achieve comparatively good practical results.

The suggestion states: The measure of selecting and sending part of the managerial cadres and professional technicians to help develop town and township enterprises in a well-guided and planned manner has been raised in light of the successful experiences of Jiangsu and Zhejiang Provinces with an aim of meeting the practical needs of town and township enterprises. This is also a strategic measure to change the relatively poor management skills and the comparatively backward technical capacity of our town and township enterprises. Therefore, we must select and send a number of managerial cadres and professional technicians who are urgently needed by town and township enterprises, proceeding from the overall situation of invigorating the provincial economy, in line with the spirit of seeking truth from facts, and in accordance with the practice of needs of town and township enterprises. Before selecting and dispatching managerial cadres and professional technicians, the lower levels should first put forward their demands. Those units which have been assigned the task of selecting and dispatching their personnel to the lower levels should strive to make sure that their personnel will all be competent at their jobs, and will actually be able to help the grass-roots units solve problems.

Who will be selected and dispatched? The answer is: managerial cadres and professional technicians of various party and government organizations, establishments, and large state-owned enterprises, with the stress on in-service personnel. Those personnel, including technical workers, who have already retreated to the second line may also be selected and dispatched, if they want to go. By giving full consideration to their specialties and aspirations, and on the prerequisite of not having to go far, these selected managerial cadres and professional technicians should be dispatched to major town-, township-, district-, and neighborhood-run enterprises in various counties, towns, townships, and districts under the jurisdiction of cities and prefectures, and to various county-level farms, livestock farms and forestry bureaus in order to hold some leadership posts or engage in certain professional technical jobs.

/6662

CSO: 4006/501

ECONOMIC MANAGEMENT

CONSUMERS' RIGHTS LEGISLATION TO BE DRAFTED

HK270917 Beijing CHINA DAILY in English 27 Dec 85 p 1

[Article by Nie Lishang]

[Text] Prompted by the rising tide of shoddy goods, poor services and mounting prices, the state is drafting its first special regulation to protect consumers' rights and interests.

Under the regulation, manufacturers and shops would have to guarantee the replacement or repair of any substandard goods.

And they would also have to compensate the consumer for losses resulting from their defective goods or poor services.

Details of the planned regulation were revealed yesterday at the annual session of the China Consumer Council, attended by several of the country's leading judicial experts, including Gu Ming director of the Economic Legislation Research Centre under the State Council, and Zhang Youyu, vice-chairman of the Legal Committee of the National People's Congress.

The new legislation comes at a time when many factories and shops have taken advantage of the flexible economic policies to turn out poor quality goods or drive up prices to make high profits at the expense of the state and consumers.

In the third quarter of this year, Cheng Chuanhui, director of the State Standardization Bureau said that Heilongjiang Province made a survey of 160 different types of electric appliances produced by 97 enterprises and found only 50 percent of them were up to standard.

A similar sample survey in Fujian Province in the first half of the year showed a mere 40 percent of the appliances examined met specified quality standards.

When he read the report about the results of the surveys on December 14, Cheng said, party general-secretary Hu Yaobang had instructed the State Economic Commission to map out more effective measures to improve the situation.

In an effort to stem the deterioration of product quality, the director said, the state had earlier decided to stop issuing gold and silver medals to reward producers of quality goods, but will instead institute a new system of publicising quality inspections.

/6662

CSO: 4020/158

ECONOMIC MANAGEMENT

BRIEFS

HEILONGJIANG LATERAL ECONOMIC COOPERATION--New progress has been made in the economic cooperation between our province and other provinces and municipalities, between cities and counties across the province, and between the enterprises across the province. This year, the province had signed 123 agreements on economic cooperation with units in and outside province, imported more than 200 million yuan, signed more than 2,000 agreements on technological cooperation, and cultivated and invited more than 1,500 technicians and managerial workers. By carrying out the economic and technological cooperation and bringing in technicians from other places, some enterprises become vitalized. Thus far, 650 integrated economic units jointly operated by different trades or different areas with large factories' favorable conditions have developed some key products and helped vitalize some small enterprises. [Excerpt] [Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 30 Dec 85 SK] /6662

ENTERPRISE MANAGEMENT CADRES' TRAINING--Wuhan, 24 Dec (XINHUA)--According to a training work meeting, currently being held in Wuhan City by the China Enterprise Management Association, enterprise management associations at various levels across China have provided training courses for 1.1 million economic management cadres, and sent 652 outstanding enterprise management cadres to study abroad. In order to meet the needs of economic reform in urban and rural areas, the China Enterprise Management Association and enterprise management associations in various localities have listed training of economic management cadres as one of their major tasks. The China Enterprise Management Association has also assisted various localities in setting up training centers to train responsible persons in economic departments, factory directors, and enterprise managers. [Summary] [Beijing XINHUA Domestic Service in Chinese 1139 GMT 24 Dec 85 OW] /6662

CSO: 4006/501

FINANCE AND BANKING

TWO MILLION STUDENTS TAKE OUT LIFE INSURANCE

OW191010 Beijing XINHUA in English 0913 GMT 19 Dec 85

[Text] Beijing, December 19 (XINHUA)--About two million students have taken out life insurance policies since the scheme started in July, according to the People's Insurance Company of China (PICC).

The service mainly caters to primary and middle school students who are more liable to have unexpected injuries and fatal accidents, according to a company spokesman.

Under the insurance scheme, each primary school pupil who pays an annual premium of 1.5 yuan will receive 1,500 yuan after a year in case of death or accident. Secondary school students who pay an annual premium of 2 yuan receive 2,000 yuan.

The insurance covers accidents which happen in or outside school or at home, and whether they occur during school terms or vacations.

PICC, which now provides more than 120 types of domestic insurance policies, paid out 610 million yuan for losses caused by natural disasters in the first nine months of this year.

/9599

CSO: 4020/140

FINANCE AND BANKING

BRIEFS

SICHUAN PEASANTS' EARNINGS--Sichuan, 17 Dec (XINHUA)--The average per capita income for peasants in Sichuan, China's most populous province, increased by 25 yuan this year, compared to the 1984 figure, according to the "Peasant Daily." This was due to the adjustment of the rural production structure, the report said. In addition to the income rise, most farm products registered record output figures. The increase of rape seed, peanuts, and oranges ranged from 12.1 percent to 82.2 percent more than last year. The adjustment also stimulated the development of animal husbandry and rural industry, the daily reported. Renshou County put extra effort into developing grasslands and lakes. As a result, the net income per capita rose by 17.7 yuan. Starting from scratch, it bred 30,000 long-hair rabbits this year and the fish catch increased from 2,500 tons last year to 3,500 tons this year. [Text] [Beijing XINHUA in English 1152 GMT 17 Dec 85 OW] /9599

BANK SAVINGS HIT RECORD--Beijing, 19 Dec (XINHUA)--Bank savings of urban and rural residents in China were reported to have hit a record 150 billion yuan at the end of November, averaging 150 yuan per person. This is 36.49 billion yuan more than at the end of last year of a 30 percent increase. The amount of time deposits increased faster than current deposits, officials from the People's Bank of China said, with the former increasing by 32.6 percent in the first 11 months of this year while the current deposits 22.7 percent. The increase in urban bank savings was faster than that in rural areas. The sharp increase in bank savings was attributed to the raising of interest rates which was done twice in April and August this year. [Text] [Beijing XINHUA in English 0709 GMT 19 Dec 85] /9599

CSO: 4020/140

MINERAL RESOURCES

BRIEFS

GOLD DEPOSIT IN JIANGXI--Nanchang, 18 Dec (XINHUA)--A high-grade gold deposit has been discovered in Jiangxi Province, according to a report by a prospecting team of the provincial geology and minerals bureau here today. The mine can be developed by the open-pit method. It is one of the 50 gold and silver deposits found in Jiangxi since 1980. Geologists also discovered more than 500 other mineral lodes, including a tin deposit--rare in the province--the report said. The province is now the first in silver and second in gold reserves in China. [Text] [Beijing XINHUA in English 0843 GMT 18 Dec 85 OW] /9599

CSO: 4020/140

INDUSTRY

XINJIANG INDUSTRIAL ENTERPRISES SUCCEEDED IN DEVELOPING TECHNOLOGY

HK220920 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 18 Dec 85

[Text] During the Sixth 5-Year Plan period, the region's industrial enterprises made remarkable achievements in promoting new technology and developing new products. They promoted 82 items of new technology, thereby increasing their profits by more than 15 million yuan. They also developed over 1,500 kinds of new products and over 9,600 types of new designs.

During the period, the region adopted a series of preferential treatment policies in the areas of capital, tax delivery, and so on, and greatly helped the enterprises promote new technology and develop new products.

Some 31 out of the 40 items of new technology which were listed as the focal points for promotion by the Sixth 5-Year Plan were fulfilled. Some 51 items of scientific and technological achievement in seven categories were also comprehensively put to use, thereby promoting the technological advance of enterprises.

With the use of microcomputers, the Xinjiang Machine Tool Factory No 3 remolded a scrapped [words indistinct] lathe so that it greatly improved the intensity of labor and increased the efficiency by two to five times. Furthermore, the reject rate of products was reduced by 50 percent.

With the use of [words indistinct], the 1 August textile factory in Shihezhi reduced the time needed for the process of dyeing and reduced power consumption. The latter alone helped the factory increase its annual profits by about 100,000 yuan.

The comprehensive use of new technology and techniques has promoted the development of new products and improved economic results. During the period, some 15 percent of the region's new products reached the advanced level in China, while 43 percent of them filled the region's gaps in science and technology. Of these, 30 were awarded a national prize for being outstanding new products. In 1985, the region's output value of new products accounts for 3.1 percent of the region's gross industrial output value, or 4.6 percent of the region's total amount of profits and tax delivery.

/6662
CSO: 4006/485

INDUSTRY

HEILONGJIANG BALANCING RATIO BETWEEN LIGHT, HEAVY INDUSTRY

Harbin HEILONGJIANG RIBAO in Chinese 24 Oct 85 p 1

[Article by Zhong He [6988 4421]: "Proportion Between Light and Heavy Industry in Heilongjiang Becoming Reasonable; Light Industry Goods Abundant in Consumer Markets"]

[Text] Since the 3d Plenum of the 11th CPC Central Committee, Heilongjiang has made an effort to adjust the ratio between light and heavy industry. Light industry has been actively expanded, production has greatly increased, and quality upgraded. Consequently, Heilongjiang light industrial goods have gradually captured consumer markets.

For many years, Heilongjiang was under the influence of the "leftist" idea of "production before daily life". Thus the proportion between light and heavy industry was out of control as the growth of light industry was rather slow, resulting in shortages of everyday consumer items. This had a serious effect on both economic expansion and the standard of living. After 1979, the government of Heilongjiang adjusted this long-term imbalance between light and heavy industry and placed the growth of consumer goods in a more important position. A "Six Priorities" policies for light industry was instituted; the furnishing of energy, raw materials, funds and technology was guaranteed so that the pace of light industry development could be quickened and the essential imbalance between light and heavy industry redressed. Light industry itself was to develop its own potential through technical renovation and through increasing integrated management as a means to speed up growth. From 1979 through 1984, gross output value of light industry grew at an annual average rate of 10.6 percent, which was 4 percentage points faster than the average annual growth rate for the previous 20 years. That percentage also exceeded the growth rate for heavy industry during the same period.

Since 1979 the quality of Heilongjiang light industrial products has been rising steadily; "hot-selling" local specialties have grown many times over. Between 1979 and 1984, chemical fiber production increased 3.2-fold, woolen fabrics by 87.7 percent, mechanically made paper 66.4 percent, sugar 2.5-fold, dairy products 3.3-fold, and television sets 45-fold. Washing machines and tape recorders started from scratch, but production reached 136,000 washing machines and 57,000 tape recorders in 1984. The production of chemical fibers, flax, machine-made paper, sugar, dairy products, and so on now hold

important places nationally. In 1984 three light industrial items won the National Golden Quality award and 13 items received Silver Quality awards. At the National Light Industry Alcohol competition, Heilongjiang won 23 different product awards, tying Beijing for first place. Because quality has been consistently improving, Heilongjiang light industrial products have a growing reputation in other provinces; Heilongjiang products are becoming increasingly competitive. Because production is growing rapidly and Heilongjiang's markets are already amply supplied, these light industrial products will become dependent upon large sales elsewhere.

Since undergoing adjustment, the ration between light and heavy industry in Heilongjiang has improved dramatically and is essentially in balance. Light industry has climbed from 26.3 percent of the gross industrial product in 1978 to 34 percent in 1984, while heavy industry has fallen from 73.7 percent to 66 percent. Heilongjiang went from 16th place nationally in output value of light industrial products in 1978 to 13th place in 1984. This year Heilongjiang has maintained steady growth in light industry. In the first 9 months of this year light industrial output value increased by 13.4 percent over the same period last year, a growth rate also faster than that of heavy industry. The production of high-quality durable consumer goods and medium-quality textile products increased greatly, resulting in significant economic gains. Heilongjiang's light industry development has had a brief history, so the foundation is still fragile. Nevertheless, the potential is vast and thus positive efforts should be made to develop it.

13030/13068
CSO: 4006/305

INDUSTRY

GUANGXI'S INDUSTRIAL PRODUCTION STEADILY TAKING OFF

Beijing RENMIN RIBAO in Chinese 11 Nov 85 p 1

[Article by Zhen Shengfeng [6774 4141 6265]: "Fully Grant Rights Due Enterprises; Guangxi's Industrial Production Steadily Taking Off; Important Economic Indicators for First Nine Months Show It Has Caught Up or Passed National Growth Levels"]

[Text] The urban emphasis of the economic reforms has revitalized and invigorated Guangxi, which for so long was at the bottom of the nation in industrial production. The economic gains indicate a trend unseen before.

According to calculations in Guangxi concerning economic gains for industrial enterprises during the first 9 months of this year as compared to last year, the important indexes show that Guangxi has caught up or surpassed national growth levels. Total profits have grown 49.7 percent, taxable profits have increased by 37 percent; profits remitted to higher authorities increased by 42.7 percent and profit taxes remitted increased by 31 percent. While economic gains rose, losses for unprofitable enterprises during the same period were reduced by 21.7 percent (nationally there was a 9.2 percent increase in losses) and unprofitable enterprises decreased by 5.9 percent. During the same period revenues for the entire Guangxi area increased, in comparable terms, by 26 percent, surpassing the total growth for the previous 5 years all together. This year's expected total revenue has already been exceeded 3 months in advance.

Between 1978 and last year, the growth rate of Guangxi's industrial production and government revenue had never reached double figures in one year and had always lagged far behind national averages.

In April of last year, the Guangxi People's government promulgated "Regulations Concerning the Invigoration of Industry" comprised of 12 articles, ranging from man and materials to distribution and marketing, from methods of incentives and penalties to manners of allocation, and from what privileges should be granted to enterprises to the reduction of red tape hampering enterprises. Finally, the policies were enacted and the economic gains accrued. After large and medium-scale enterprises in cities and counties fundamentally restructured their organizations throughout last year, industrial production started to advance. Even some industries that

previously had difficult times due to lack of raw materials showed signs of life. For example, in the steel industry, scrap steel used to lie around waiting to be allocated as a raw material. And if the scrap steel department had not received any scrap steel, the wait could be endless, requiring the enterprise to shut down its furnaces.. After policies were relaxed last year, steel enterprises could directly obtain materials for processing. Consequently, what were once nearly idle industries have become overloaded with work, so that production has risen dramatically for all steel enterprises.

Furthermore, many poorly managed, consistently unprofitable enterprises were permitted to operate according to the principle that "all state and collectively run enterprises are responsible for their profits or losses and their tax payments." The result is a score of previously moribund small state run industrial and commercial enterprises have been revitalized.

13030/13068
CSO: 4006/305

INDUSTRY

HENAN HOLDS MEETING ON PRODUCTION IN PREFECTURES, CITIES

HK150832 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 11 Dec 85

[Text] On 8 and 9 December, the provincial planning and economic committee held a meeting of all prefectures and cities on production, to exchange experiences in work, to analyze the situation in production next year, and to study and work out measures for industrial production and communications next year.

Vice Governor Qin Kecal and provincial planning and economic committee chairman (Zhong Lisheng) attended the meeting and spoke. Comrade Qin Kecal pointed out: The overall situation in industrial production in 1985 has been very good. Production has increased and development has been even. Collective industry has developed quickly. Speed and economic results have simultaneously increased. The economic relations among enterprises and regions have been further strengthened. The light industry has been coordinated with the heavy industry well. Textile industrial production has increased again.

The meeting put forward demands on the quotas for industrial production in the province next year. It is necessary to have a normal and proper speed of development and to have still better economic results. Industrial production must increase by 8 to 10 percent. In the first quarter of next year, 25 percent of the quota for the industrial output value for the whole year must be fulfilled. It is essential to ensure a balanced production and a simultaneous increase in speed and economic results. Economic results must be better than this year. The amount of deficits must be 30 percent less than this year.

Regarding the issue of doing well in production next year, Vice Governor Qin Kecal put forward these demands: It is imperative to improve the quality of products, to develop new products, to economize on energy, to reduce consumption, to make technological progress, to speed up the popularization of modern management, to continue to strengthen economic relations among enterprises and regions, and to ensure safety in production.

/6662

CSO: 4006/485

INDUSTRY

ZHANG JINGFU URGES DELIGENCE IN INDUSTRIAL SURVEY

OW240103 Beijing XINHUA Domestic Service in Chinese 1329 GMT 23 Dec 85

[Text] Beijing, 23 Dec (XINHUA)--In a television and radio broadcast tonight, Zhang Jingfu, state councillor and head of the Leading Group for the National Industrial Survey, pointed out: It is necessary to carry out the national industrial survey beginning next year diligently.

Zhang Jingfu said: The State Council decided to conduct a national industrial survey in 1986. This will be the largest overall industrial survey since the founding of the nation, an important study of state affairs and national strength, and an extremely important basic task to build socialism with Chinese characteristics. Currently, preparatory work for the national survey has been basically completed, thanks to the efforts of various localities, departments, and enterprises. The national survey will officially start at the beginning of next year, that is, in a few days.

In order to do a good job in conducting the national industrial survey, Chang Jingfu put forward the following three requirements:

1. It is necessary to implement a responsibility system. The heads of the leading groups for the industrial survey at all levels must be held responsible in their own district, department, and enterprise. They must earnestly implement the general plan and various regulations formulated by the State Council's leading group for national industrial survey, and ensure that the task is fulfilled.
2. It is necessary to foster the thinking of quality first. We must persistently seek truth from facts, truthfully reflect the actual situation, combat the unhealthy trend of practicing fraud and ban the malpractice of using two sets of ledgers. Those who earnestly shoulder their responsibilities, work conscientiously and meticulously, and fill the survey forms truthfully should be commended. Those who fail to meet their responsibilities, carelessly fill survey forms and commit errors should be criticized. Those who practice fraud and pay attention to one's own interests, while disregarding the interests of the state, should be seriously dealt with.
3. The leadership at all levels must go deep into basic-level units to help them and provide the necessary supervision, strengthening weak links. In dealing with areas and units which fail to conscientiously carry out their work in their respect, it is essential to adopt effective measures to help them solve their problems within a prescribed time.

INDUSTRY

BRIEFS

HAINAN IRON, STEEL PLANT--With a mandate from the Ministry of Metallurgical Industry and the provincial people's government, the provincial metallurgical industrial company held a meeting in Guangzhou from 30 November to 2 December to examine a report on the feasibility of establishing the Hainan iron and steel combined enterprise. More than 50 specialists and engineering and technological personnel from the departments concerned attended the meeting. The meeting examined and approved a research report conducted by the planning institute of the Ministry of Metallurgical Industry on the feasibility of establishing the Hainan iron and steel combined enterprise. The budgetary investment in the Hainan iron and steel combined enterprise is to be 750 million yuan. The project will be built in two phases. Blast furnaces and a steel rolling system will be built in the first phase. A comprehensive production system with an annual output of 300,000 tons of steel for the building industry will be completed between 1988 to 1990. A production system with an annual output of 440,000 tons of sponge iron will be built in the second phase. The second phase will start in 1990 and is to be completed and put into operation before the end of 1992. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 4 Dec 85 HK] /6662

XINJIANG INDUSTRIAL PRODUCTION DEVELOPS--Xinjiang Region fulfilled the Sixth 5-Year Plan quotas for 25 of the 43 main products covered by the plan, 1 to 3 years ahead of schedule. During the Sixth 5-Year Plan period, our region has regarded energy resources, building materials, light industry, and textile industry as key points of development. The region fulfilled the Sixth 5-Year Plan quotas for 25 main products, including crude oil, raw coal, electricity, hydroelectricity, cement, steel, rolled steel, pig iron, iron ore, coke, sulphuric acid, caustic soda, plastics, machine-made paper, woolen yarn, cigarettes, timber, aluminum, gold, tractors, hand-held tractors, small four-wheel tractors, and tires, 1 to 3 years ahead of schedule. [Summary] [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 20 Dec 85 HK] /6662

GUANGXI BUILDING MATERIAL INDUSTRY--During the Sixth 5-Year Plan period, the building material industry in Guangxi Region has developed relatively quickly. The gross industrial output value of the building material system in the region in 1985 reached 308 million yuan and was 74 percent more than in 1980. The average increase was 8.84 percent a year. The profits and taxes in 1985 were 96.52 million yuan and were 103 percent more than in 1980. The

average increase was 16 percent a year. Output of cement in the region by 1985 reached 3.5 million tons and recorded an increase of 56 percent over 1980. The average increase was 9.24 percent a year. [Summary] [Nanning Guangxi Regional Service in Mandarin 1130 GMT 19 Dec 85 HK] /6662

HAINAN RUBBER INDUSTRY DEVELOPS--Hainan Region now has 83 state-run famrs which regard rubber production as their main work. It is estimated that the rubber tree areas in the region this year will be 833,000 mu larger than in 1980 and output of dry rubber 63.7 percent more than in 1980. The region's annual output of dry rubber accounts for 71 percent of the whole country's gross output. [Summary] [Haikou Hainan Island Service in Mandarin 0400 GMT 20 Dec 85 HK] /6662

HUNAN STEEL OUTPUT--Hunan's iron and steel industry has produced 100,000 more tons of steel than last year with practically no increase in refining equipment. Output exceeded the 1 million ton mark for the first time. Hunan thus became the 12th province in the country with an annual output of 1 million tons of steel. The province's steel industry has greater processing tons of steel a year, but this sector is operating at one-third below capacity. The provincial metallurgical department has therefore guided the enterprises to tap existing potentials in production technology. As a result of modification and expansion, the Lianyuan iron and steel plant has increased its output from 270,000 tons in 1980 to 380,000 tons this year. [Summary] [Changsha Hunan Provincial Service in Mandarin 2300 GMT 22 Dec 85 HK] /6662

HUNAN INAUGURATES POTENTIOMETER PROJECT--The carbon potentiometer project, imported from Matsushita Electronics Industry Company Limited, Japan, by the Hunan potentiometer plant, went into operation today. The inauguration ceremony was attended by the provincial party and government leaders such as Secretary Mao Zhiyong. The import of the project was one of the state's key technological transformation projects during the Sixth 5-Year Plan period. The total investment sum for the project was 17 million yuan. Upon being put into full operation, it can undertake the whole process of production, including the production of carbon film, processing of components, treatment of components and assembling. Its annual production capacity is about 100 million potentiometers. The product is used mainly in the production of color and black-and-white television sets, high-class and ordinary radio and cassette recorders, hi-fi equipment and other electronic devices. Therefore, the project can serve the purpose of producing a complete color television set in China. Following the inauguration ceremony, Mao Zhiyong and other provincial and city party and government leaders visited the production line with enthusiasm. [Excerpts] [Changsha Hunan Provincial Service in Mandarin 1100 GMT 21 Dec 85 HK] /6662

SHANDONG HOUSEHOLD ELECTRIC APPLIANCES--Shandong Province has vigorously developed the household electric appliances industry during the Sixth 5-Year Plan period. In 1985, the total output value of household electric appliances reached 460 million yuan, an increase of more than 600 percent over 1980, showing an average annual increase of 42 percent. The amount of profits reached 35 million yuan, showing an average annual increase of 57 percent. The output of some major products increased by some 100 percent. Comparing

22 January 1986

1985 with 1980, the output of washing machines increased by 12 times, that of electric fans, 3.5 times, that of electric irons, 2.8 times, and that of lamps and lanterns, 12 times or more. Some 14,000 refrigerators were produced during this period. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 15 Dec 85 SK] /6662

ANHUI METALLURGICAL INDUSTRY--Anhui Province has overfulfilled its annual plans for steel, rolled steel, iron ore, gold, and other metallurgical products 1 month ahead of schedule. Output was considerably higher than last year. During the Sixth 5-Year Plan period, the average annual rate of increase of production capacity and output of the iron and steel industry was 6.92 and 7.43 percent respectively. The average annual rate of increase of output of rolled steel, steel, iron, and iron ore was 12.08, 6.92, 2.5, and 3.68 percent respectively. Profits earned by metallurgical enterprises increased 11.27 percent, while profits and taxes delivered to the state rose 9.99 percent. [Excerpts] [Hefei Anhui Provincial Service in Mandarin 1100 GMT 12 Dec 85 OW] /6662

JIANGSU FERTILIZER PLANT--By 21 December, Nanjiang's Qixiashan Chemical Fertilizer Plant had produced 300,000 metric tons of synthetic ammonia this year, thus becoming the first of the three fertilizer plants imported from France to produce 300,000 metric tons of synthetic ammonia in a year. In the 1970's, China imported 13 sets of synthetic ammonia producing equipment from abroad, each with an annual capacity of 300,000 metric tons. The equipment at the Qixiashan Plant was imported from France. [Summary] [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 21 Dec 85 OW] /6662

JIANGSU TELEVISION PLANT--A ribbon-cutting ceremony for an imported color television set production line was held yesterday at the Nantong Television Plant. The production line, imported from Japan, can produce 150,000-210,000 14-, 18-, and 22-inch color television sets annually. [Summary] [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 21 Dec 85 OW] /6662

CSO: 4006/485

CONSTRUCTION

GUANGZHOU: SOUTH WHARF PROJECT FOR ZHANJIANG PORT COMPLETED

HK260835 Beijing ZHONGGUO XINWEN SHE in Chinese 1418 GMT 25 Dec 85

[Text] Guangzhou, 25 Dec (ZHONGGUO XINWEN SHE)--With the completion of the south wharf project in operating area No 1 of Zhanjiang Port, Guangdong Province, 1 year ahead of schedule, six new 10,000-ton grade deep-water berths have been added.

On 24 December, after examination, a state acceptance group approved this fine-quality project. Now, it has been commissioned.

Being a key construction project of the state's Sixth 5-Year Plan and involving an investment of nearly 200 million yuan, the south wharf project in Zhanjiang Port's operating area No 1 has a total of six 10,000-ton grade deep-water berths and is designed to handle up to 1.85 million tons of cargo a year. This wharf project also includes 39 main projects in its land areas.

Located to the south of Zhanjiang Port's operating area No 1 the south wharf project is connected to the old port areas. With a coastline of 1,377.4 meters and surrounded by water on three sides, this wide protruding wharf can handle the land and water transport of scrap steel, chemical fertilizers, packed grains, bulk grains, cement, and so on.

Among the 39 main land projects, there are 5 warehouses covering a floor space of over 43,000 square meters and 6 large yards covering a total area of over 42,000 square meters. There are also 166 modern automatic loading and unloading machines like the bulk grain cylindrical storehouse system installed with grain elevators, port cranes, and so on. Railroads leading directly to the wharf operating areas total 5,650 meters.

This project was built by the company No 3 of the Navigation Bureau No 4 of the Ministry of Communications.

Officials concerned said the completion and operation of this wharf will play a great role in exploiting petroleum in southwest China and the South China Sea, alleviating pressure on Huangpu Port, and developing water transport in South China.

/6662

CSO: 4006/485

CONSTRUCTION

NORTHERN JIANGSU CANAL DREDGED, IMPROVED

OW260526 Beijing XINHUA Domestic Service in Chinese 0041 GMT 25 Dec 85

[Article by reporter Zhang Xingduan]

[Excerpts] Nanjing, 25 Dec (XINHUA)--After 3 years of intensive work, the improvement project for the northern Jiangsu Section of the Beijing-Hangzhou Canal has yielded multiple effects in transport, water diversion, flood control, and irrigation.

The improvement project for the northern Jiangsu section of the canal began in 1982 and is listed as a key construction project in the Sixth 5-Year Plan.

In the last 3 years, workers have widened the channels on the Huaian-Jieshou, Bulaohe, Huaian-Siyang, and Gaoyou-Lincheng sections, built two-way ship locks at Huaian and Suqian, and basically removed "bottlenecks" from the northern Jiangsu section. With a river-bed width of 60 to 70 meters and a depth of 4 meters, the northern Jiangsu section of the canal has now become a second-class waterway, navigable to 2,000-metric-ton-class ships, and one of the important passages for transporting coal from northern China to the south.

Before the improvement, the canal could transfer water from the Changjiang to Xuzhou at a rate of 15 cubic meters per second. Now, the canal diverts 50 cubic meters of water from the Changjiang to Xuzhou every second in the winter and spring seasons, after a large area of farmland along it is irrigated.

After completion of the improvement project for the northern Jiangsu section of the canal, the stress of the work will be shifted to auxiliary projects, such as ship locks, harbors, bridges, railroad connection projects, communications systems, and shipyards, beginning next year. After completion of all these projects, the canal, "a golden passage," will play an even bigger role in our national economic development.

/6662

CSO: 4006/485

CONSTRUCTION

BRIEFS

GUANGZHOU CITY DISTRICT CENTER--Guangzhou City will build a new town district soon. The foundation stone of the center of the new Wuyang Town District which is on the east of Guangzhou City proper, was laid today. This center will be a comprehensive body of modern commerce, service, culture, and amusement and occupy an area of some 50,000 square meters. Its construction area will be about 150,000 square meters, including a 32-storey office building and a 32-storey building which will have a hotel, a cultural and amusement center, a service department, shops, a product exhibition hall and cinema, and medical facilities. Guangzhou (Dongcheng) Joint Development Company Limited will be responsible for the building and management of this center. The cost of this project will be about \$30 million. It is estimated that the first phase of the new Wuyang Town District--43 houses--can be completed this winter and next spring. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 19 Dec 85 HK] /6662

YUNNAN'S HIGHWAY CONSTRUCTION--During the Sixth 5-Year Plan period, the province scored successes in highway construction. By December this year, the province had newly built and re-built over 12,500 kilometers of highway. About 98 percent of the prefectures and 61 percent of the towns as well as every county, in Yunnan are linked up by highways. The annual rate of good road conditions is increased to 55 percent, or more than 2 times the 1980 rates. With over 20,000 road maintenance workers struggling against harsh conditions, the province's annual rate of bad road conditions is decreased from 15.44 percent in 1980 to 3.9 percent in this year. More than 2 million trees are planted along the highways. The province's total length of highway is over 69,000 kilometers, forming a highway network centered at Kunming. [Summary] [Kunming Yunnan Provincial Service in Mandarin 2300 GMT 22 Dec 85 HK] /6662

ZHEJIANG NEW PIERS--Ningbo, 20 Dec (XINHUA)--A pier designed to handle sundry goods from 10,000-metric-ton-class freighters has been completed in Ningbo, Zhejiang, and was officially put into operation today after being examined and approved by the state. Also examined and approved today was another similar pier for 3,000-metric-ton freighters, and its ancilliary facilities. The completion of these two piers, which are located in Ningbo's Zhenhai port district, will increase Ningbo port's capability of handling sundry goods by about 25 percent. [Text] [Beijing XINHUA Domestic Service in Chinese 1608 GMT 20 Dec 85 OW] /6662

CSO: 4006/485

DOMESTIC TRADE

SHANGHAI PLAYS GREATER ROLE AS TRADE CENTER

OW261248 Beijing XINHUA in English 1158 GMT 26 Dec 85

[Text] Shanghai, December 26 (XINHUA)--As China's leading industrial city, Shanghai is playing a more important role as a center for trade, finance, information, and technology.

The city provides one-sixth of the country's revenue and 40 percent of the industrial products distributed by the state, according to the municipal statistics bureau.

However, in the early 80's, it was challenged by the growth of smaller industrial cities and its out-dated equipment and technology had slowed down the speed of its development as a port city and center of trade. Its housing and transportation problems became increasingly acute.

Shanghai needed to expand its economic relations both with foreign countries and other parts of China.

To update its technology, the city has imported 800 million U.S. dollars worth of equipment since 1983 and absorbed 1.4 billion U.S. dollars of foreign funds during the Sixth 5-Year Plan (1981-85).

By the end of September, over 130 joint ventures, cooperative enterprises, and enterprises with exclusive foreign funds had been set up in the city.

Meanwhile, Shanghai has over the past 5 years set up 2,000 economic entities with 27 provinces, municipalities, and autonomous regions of China in the form of joint ventures, cooperative production and compensation trade. It has also transferred some 6,500 technological achievements to these areas over the same period.

With the output value increasing 13.2 percent annually between 1981 and 1985, the city's service trades, including information services and technical consulting, are expected to account for 26 percent of the municipal economy by the end of this year as against 21 percent in 1980.

Shanghai's industrial output value reached 71.6 billion yuan last year, meeting the target set for the Sixth 5-Year Plan 1 year ahead of time.

This year, the figure is expected to exceed 82 billion yuan, resulting in an annual growth rate of 7.1 percent from 1981 to 1985.

During the same period, the city built almost 20 million cubic meters of housing. On an average, the income of each wage earner is expected to reach 1,280 yuan this year, a 48 percent increase over 1980.

/9599

CSO: 4020/156

DOMESTIC TRADE

CHONGQING FAIR SENDS GOODS THROUGHOUT CHINA

Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 31 Oct 85 p 3

[Article: "Buy Many Goods in One Location; Trade Activity Brisk in Chongqing's Commodity Exchange Fair"]

[Text] After 15 days of intense trading, the first commodity trade fair held this September in the Chongqing Industrial Trade Center for goods from Sichuan, Yunnan, Guizhou, Guangxi and Chongqing showed an outstanding total trade volume of 182.64 million yuan, and gave a preliminary demonstration of the great future in store for the utilization of the trade center to organize commodity exchange.

Participants in the fair came from 479 industrial and commercial enterprises from 24 provinces, cities and autonomous regions across the country. More than 100 other participants from industrial enterprises from all provinces and cities arrived after the fair began when news reached their localities of the opportunities presented. According to statistics, the value of the supply of goods at the fair was more than one billion yuan. There was a great variety of products such as educational products, department store goods, knitted goods, hardware, machinery and electrical goods, home electronics, automobiles, chemicals and machine equipment, for a total of more than 80 thousand types. Buyers said, "It is really convenient to be able to buy anything you want under the same roof!"

Sales of goods at the trade fair far exceeded the scope of the immediate area. Twenty-one percent of the products sold at the fair went to Tibet, Xinjiang, North China, the Northeast and various coastal locations, in addition to the 53 percent sold to Sichuan, the 10 percent sold to Yunnan, the 12 percent sold to Guizhou, and the 4 percent sold to Guangxi. More than 50 percent of products from Chongqing in particular were sold to faraway border regions. Tibet and Xinjiang showed a special interest in Chongqing's motorcycles, high-quality shoes, knitting wool, watches and electronic goods.

1221/12859

CSO: 4006/457

DOMESTIC TRADE

BRIEFS

STATISTICS RELEASED ON URBAN TRADE CENTERS--It was revealed at the recent Experience Exchange Conference on Finance and Trade for 24 Cities Nation-Wide that 1,645 urban trade centers have at present been established in China; 999 are industrial products trade centers and 646 agricultural by-products trade centers. Three types of centers exist: wholesale enterprises, centers that both operate businesses and provide space and various other services, and centers that primarily provide of services while performing a small amount of business. [Text] [Beijing BEIJING RIBAO (OVERSEAS EDITION) 12 Nov 85 p 1] 12221/12859

CSO: 4006/357

FOREIGN TRADE AND INVESTMENT

ZHEJIANG OVERFULFILLS ANNUAL EXPORT PLAN

OW261018 Beijing XINHUA in English 0834 GMT 26 Dec 85

[Text] Hangzhou, December 26 (XINHUA)--Zhejiang Province, east China, had topped its annual export plan by December 10, according to local authorities.

By that date, the province had exported goods valued at more than 810 million U.S. dollars, 17.9 percent more than in the same 1984 period.

The value is expected to exceed 850 million U.S. dollars by the end of this year, and this will push the province from thirteenth place to eighth in China.

Zhejiang exports to 120 countries and regions 800 varieties of goods, covering silk, tea, textiles, clothing, chemicals, minerals, machines, oil, cereals, food, aquatic products, animal by-products, wine, and arts and crafts.

The total export value amounted to 3.25 billion U.S. dollars over the past five years.

Zhejiang has approved 34 joint ventures, 17 cooperative enterprises and 26 compensation trade projects with foreign business interests, involving a total investment of 133 million U.S. dollars.

Both the number of joint ventures and investment exceeded the total for the previous six years.

Three of 10 joint ventures to be run in foreign countries, including a furniture company in Canada, have been approved by the Ministry of Foreign Economic Relations and Trade.

/9599

CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

JILIN EXPORTS INCREASE 53.2 PERCENT IN 1985

OW281657 Beijing XINHUA in English 1433 GMT 28 Dec 85

[Text] Changchun, December 28 (XINHUA)--Jilin Province's export were worth 380 million U.S. dollars this year, according to the provincial authorities.

This is an increase of 53.2 percent over last year, the official said.

Jilin, one of China's three northeastern provinces, started exporting goods by itself in 1980.

It increased the number of export products from 232 in 1980 to 370 in the last five years.

Soybeans, maize and ginseng from Jilin have found their way to the international market, becoming the backbone of the provincial export products, which are worth above 10 million U.S. dollars each.

Maize accounts for half the province's exports. The figure soared from 400,000 tons in 1984 to 1.8 million tons in 1985, making Jilin China's biggest exporter of the grain.

Jilin's cotton yarn and frozen beef sell well in Hong Kong and overseas. Beef surpassed the export target by 2,000 tons this year.

The market for Jilin's export products has been extended to Hong Kong, Macao, Japan and the Soviet Union. Exports this year to Japan have topped 100 million U.S. dollars, accounting for 30 percent of the provincial export volume.

In the last five years, Jilin has conducted technological exchanges and negotiations with over 300 business firms from 28 countries and regions.

/6662
CSO: 4020/154

FOREIGN TRADE AND INVESTMENT

FURTHER EXPANSION OF EXPORT LICENSING TO HONG KONG, MACAO

HK310950 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 31 Dec 85 p 1

[Article by Olivia Sin]

[Text] China has decided to further expand its export licence scheme to curb the excessive flow of parallel goods--items exported through unofficial channels and without documentation--to Hong Kong and Macao, a Chinese official said.

The deputy director of the Guangdong Provincial Planning Commission, Mr Wang Weiguang, said yesterday the decision was made by Beijing leaders recently.

Details of the scheme and its implementation rules are, however, being worked out.

Mr Wang said China will cut down on the export of items which are bountiful in Hong Kong and Macao to avoid cut-throat competition.

He said the tighter control was aimed at protecting the interests of local traders.

Trading sources said China may place hundreds of its export commodities under control to bring its "chaotic" foreign trade back in order.

Observers said the export licence system will also help China to tighten control over items limited by quotas set by overseas markets like the U.S. and European Economic Community.

Chinese officials have in the past admitted the difficulty in keeping a tight rein over the export of quota items by various provincial units.

Mr Wang, the head of a high-level official delegation from Guangdong, is here to promote an economic investment symposium staged by the province.

The symposium, which will start on Saturday at the Hong Kong Exhibition Centre, will seek to attract investment in 83 projects put up by various parts of the Guangdong Province.

Parallel goods are often sold at prices much cheaper than the official exports.

Following strong complaints from local businessmen, China took measures to control its export trade earlier this year. As a result, the licence system was extended to 21 export commodities bringing the total number of controlled exports to 151.

Senior Chinese trade officials said the export licence scheme together with more stringent customs checks have proved to be effective in tackling parallel trading.

It is understood that the decision to expand the licence scheme was made after a nation-wide conference on foreign trade last month in Taiyuan, the capital of Shanxi.

The leftwing WEN WEI PAO, quoting unnamed sources, said over the weekend three kinds of export licences will be imposed on Chinese exports destined to Hong Kong and Macao.

The three were referred to as export licences requiring special permission, export quotas licences and general export licences.

Sources said strategic and scarce commodities like oil, coal, uranium and tungsten are those that require special permission to export.

Those that form China's major exports, like textile and food items, will require either the quota licence or general licence.

Nevertheless, sceptics are doubtful of the effect of the export licence system which they said is open to abuses by corrupted officials.

Besides, they said the official trading channels are not adequate to cope with China's flourishing agricultural and industrial production and state-owned units will be tempted to find ways to by-pass the licence system.

/6662

CSO: 4020/154

FOREIGN TRADE AND INVESTMENT

JIANGXI PROVINCE INCREASES FOREIGN COOPERATION

OW091028 Beijing XINHUA in English 0730 GMT 9 Dec 85

[Text] Nanchang, December 9 (XINHUA)--Jiangxi Province is 2.7 times importing more technology and equipment this year than last, a provincial official said here today.

The 118 items, valued at 56 million U.S. dollars, will help turn out one billion yuan of an extra output value when put into operation.

A total of 165 projects have been approved using one billion U.S. dollars of foreign investment, 19.7 fold as much as last year. Sixteen have gone into operation.

The province has attracted also investment easing its energy shortage. Its electricity network joined that of central China in 1983. Four thermal power generating units with a combined capacity of 500,000 kilowatts have gone into operation, bringing the provincial generating capacity up to 2,150,000 kilowatts.

Jiangxi has opened two air routes this year and added additional flights on Nanchang-Beijing and Nanchang-Guangzhou air routes. The Anhui-Jiangxi railway, which was opened to service last June, has alleviated the burden on Zhejiang-Jiangxi and Yingtan-Xiamen railways.

A 10,000-line program controlled telephone system is being installed in Nanchang and is scheduled to go into service next year.

In addition, Jiangxi has expanded the number of hotels in its major industrial and tourist cities.

While attracting foreign investment, the province has set up joint venture enterprises in Japan, the Federal Republic of Germany and Hong Kong. It has also signed letters of intent on making investment in South Dakota and New York in the United States.

located in the hinterland of the south of the lower reaches of the Yangtze River, Jiangxi abounds in natural resources.

/9599
CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

FOREIGN FUNDS, TECHNOLOGY SPUR SHANGHAI GROWTH

OW300758 Beijing XINHUA in English 0700 GMT 30 Dec 85

[Text] Shanghai, December 30 (XINHUA)--The introduction of foreign funds and technology is helping Shanghai to modernize traditional industries and expand service trades, a city official said.

The city has attracted 1.2 billion U.S. dollars in foreign funds since it was granted greater decision-making powers on foreign investment and trade last year.

Work is now under way on 27 joint-venture hotels and apartment blocks for foreign business people, and 49 service company buildings, said the official of the municipal commission for foreign economic relations and trade. These will use up 930 million dollars of foreign investment.

Among them are an international trade center, the Hongqiao Hotel and the Jingan-Hilton Hotel. Fifteen of the buildings will be 30 or more storeys high.

Seventy Sino-foreign joint ventures, cooperative businesses and enterprises with sole foreign investment have gone into operation, and another 80 are being built.

The official gave the Shanghai woolen textile company--a joint venture with a Hong Kong firm--as an example of a successful business.

The company has generated 13,400,000 yuan in profits and taxes and has developed 2,000 varieties of woolen sweaters in its first four years.

Since last year, local authorities have signed contracts worth 860 million dollars for 830 development schemes, involving the import of foreign technology and equipment. Of these, 312 have already been completed, and have boosted the city's output value by 600 million yuan a year.

Municipal authorities have decided to concentrate foreign technology on modernizing such traditional industries as food processing, plastics, printing, electrical appliances, textiles and metallurgy.

The printing industry now uses computers for photocomposition, and knitwear mills have upgraded 18,000 items of equipment.

The introduction of technology from Federal Germany has enabled the Shanghai Zhengtai rubber factory to produce "Huili" meridian tires, which are considered to measure up to advanced international standards. They are exported to 58 countries and regions.

The official said Shanghai's research institutes were applying foreign technology to developing microelectronics, optical fiber communications, lasers, oceanographic engineering and robots.

/6662

CSO: 4020/154

FOREIGN TRADE AND INVESTMENT

U.S. FIRM TO SUPPLY UNDERWATER ROBOT TECHNOLOGY

OW141312 Beijing XINHUA in English 1257 GMT 14 Dec 85

[Text] Beijing, 14 Dec (XINHUA)--On behalf of the Shenyang Institute of Automation, the Oriental Scientific Instruments Import and Export Corp. under the Chinese Academy of Sciences signed an agreement here today with Perry Offshore Inc. of the United States on importing underwater robot manufacturing technology.

Signing the agreement were Li Shouxiang, manager of the Chinese corporation's technology department, Jiang Xinsong, director of the Shenyang Automation Institute, and Jon Newman, vice-president of Perry Offshore, Inc.

According to the agreement which will remain valid for 15 years, Perry will provide the Shenyang Automation Institute with the technology for manufacturing Recon-IV type underwater robots.

The Recon-IV type robot, 2 meters long, 0.8 meters wide, 0.9 meters high, and 451 kilograms in weight, can dive to a depth of 300 meters.

It can be used in offshore oil exploration, marine rescue and salvage, marine farming, and river dam inspection.

The Recon-IV type underwater robot consists of four parts, namely, control consoles, tether management system, handling system, and the vehicle.

/9599

CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

RESPONSIBILITY FOR FACTORY'S FAULTY EQUIPMENT DISCUSSED

PRC Blames U.S.

BK060805 Hong Kong SOUTH CHINA MORNING POST in English 6 Dec 85 p 12

[Article by Albert Chan and Timothy Jim]

[Text] It is already two years behind schedule and an ambitious HK\$280 million fibre board production factory in Fuzhou is still beginning the Bank of China to extend its credit and delay repayment.

And while the source of the problems in the factory has yet to be confirmed, officials are blaming imported faulty equipment from the United States for the delays.

The situation is so serious that Mr Hu Yaobang and other top Chinese leaders have been forced to intervene.

According to factory officials, HK\$5.9 million has already been paid in compensation by the Americans but it is said to be nowhere near enough to cover costs.

And Chinese sources described the economic blow the factory has brought to the state as "immeasurably huge."

Instead of being in full production exporting boards to earn vital cash and pay off its loans, the factory has not sold a single board and is still only engaged in experimental production.

Even when it starts production, it will face another problem. The price of fibre boards has dropped considerably in the past two or three years because of a worldwide slump in the property market.

An official said it means expected returns for the factory will be lower than original estimates.

The Fuzhou Man-Made Boards Factory is no ordinary local establishment. It is a joint venture between the Forestry Ministry and the Fujian provincial government.

And as the first enterprise in Fujian Province to bring in foreign and expensive technology, the troubled factory is now causing concern not just in Fujian but also Beijing.

Mr Hu Yaobang, Chinese Communist Party General Secretary, was alerted to the problem and recently sent "important directives" to the factory--demanding "a quick correction of mistakes."

Even with the intervention of Mr Hu and a special injection of 3.5 million yuan (about Hk\$8.7 million), it is uncertain when commercial production can begin.

One official said: "Of course we want to start production as soon as possible but we can't start until the Americans come here to repair the faulty parts.

"They have said a team will come early next year but there is no definite date and so there is no definite date for production either."

The plant will be manufacturing medium-density fibre boards which are similar in appearance to ordinary wooden boards but are cheaper to produce and said to be of better quality. They can be used for anything, but mainly for interior decoration--in doors and furniture.

It is hoped the boards will one day replace wood as the main raw materials for interior decoration.

Washington Iron Works Incorporated, an American company located in Seattle, is the contractor to supply U.S.\$10 million (about Hk\$78 million) worth of equipment and its job is to liaise with other U.S. factories to custommake the needed equipment.

Much of the faulty equipment is manufactured by various U.S. factories other than Washington.

The factory has caught attention nation-wide partly because medium-density fibre board is a relatively new product in international markets and there are only 30 to 40 factories in the world that make it.

Construction of the plant began in August 1981 and machinery installation began in April the following year and was completed in September the same year.

Commercial production was scheduled to start before the end of 1983 but boards produced in the trial run were poor quality.

It was soon discovered the machinery was not operating properly.

First, the boiler would not ignite. Factory engineers managed to start it after some time and effort but logs was followed by leaks in the boiler's water pipe.

These two problems held up production for six months and have consequently increased the fibre board's production costs.

The boiler now cannot solely use coal produced in Fujian Province. Supplementary coal instead has to be mixed with supplies brought from the northern provinces which means higher costs because of transport involved.

There were also problems with the power transformer which was damaged and was subsequently found by the Chinese to be old equipment. That meant another month's delay.

To cap it all, a drying tube caught fire during operation and led to four more months' delay.

The total agreed compensation from the U.S. company is U.S.\$760,000 (about Hk\$5.9 million).

But said a Chinese source: "It was nothing compared with our loss."

Sources said the U.S. company told the Chinese it was unable to repair the boiler and agreed to pay compensation totalling U.S.\$292,500 (about Hk\$2.28 million) and U.S.\$300,000 (about Hk\$2.34 million) for the drying tube.

The contract signed between the Chinese and the U.S. company stipulated that 10 percent of the total equipment price was to be paid when the contract was signed.

When the equipment reached China the factory had to pay another 30 percent-- and the balance after commercial production began.

One Chinese official said it is now considered the payment of 80 percent was "a bit too high."

He added: "We agreed to it probably because of the lack of experience on our part during negotiations."

They began in 1979--just months after the Third Plenary Session of 11th Central Committee of the Communist Party when Mr Deng Xiaoping regained his influence and China declared its open-door policy.

The factory is also having difficulty in repaying interest on the U.S.\$10 million (about Hk\$78 million) loan borrowed from the Bank of China.

One factory executive said: "There wouldn't have been any problem if we had started production and export of boards in 1984 but we still have not sold a single piece.

"We are already negotiating with the bank to see if it is possible to defer repayment," he added.

The minister of forestry, Mr Yang Zhong, went to Fujian in late October in a bid to salvage the project.

He also brought along "important directives" from Mr Hu to the factory management.

Meetings were held between the deputy governor of Fujian Province, Mr Yao Dexin, officials of the factory and Mr Yang in Fujian.

The central government has given a quota to the factory to turn out 25,000 sq metres of fibre boards next year, with 10,000 sq metres to be exported to generate foreign exchange.

The state has also pumped in 3.5 million yuan (about Hk\$8.7 million) to the factory.

Although officials in the provincial government said the factory is aiming at producing fibre boards on a commercial scale by the first half of next year, officials at the factory were less optimistic.

"We don't know when the Americans are coming and we cannot start until they are here and have made necessary repairs," one said.

Blame Each Other

HK060819 Hong Kong SOUTH CHINA MORNING POST in English 6 Dec 85 p 12

[Article by Albert Chan and Timothy Jim]

[Text] Who is responsible for the Fuzhou Man-Made Board Factory fiasco?

The Americans are tight-lipped about the situation. But according to some reports, inexperienced Chinese engineers were dispatched to the U.S. to check and take delivery of the faulty equipment--but were unable to detect faults when they checked it.

One senior factory official said the Chinese team sent to the United States to examine and take delivery of the equipment did not even have a chance to inspect what they were buying. It had been packed for shipment by the time they arrived.

"There was a delay in issuing passports for members of the Chinese team and when we finally arrived in the U.S. it was already too late," said the official who asked not to be named.

Asked if the Americans had deliberately sold faulty machinery to the Chinese, he said both the Chinese and the Americans should be responsible.

Meanwhile corporate changes took place around a year ago to the original supplier, Washington Iron Works Incorporated.

The site where the company was situated was taken over by the local government and the original company is now virtually non-existent. Its product lines are now in the hands of several companies and one of them, Col Manufacturing, is now the party negotiating with the Chinese.

Mr Jerry Penner, a senior official with Col, refused to disclose any details about the troubled factory.

/9599

CSO: 4020/155

FOREIGN TRADE AND INVESTMENT

GUANGXI HOLDS SUCCESSFUL COMMODITIES EXHIBITION IN HONG KONG

HK120847 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 12 Dec 85 p 1

[Text] Foreign buyers signed 400 contracts worth U.S.\$60.3 million during the 10-day Guangxi Export Commodities Exhibition which ended in Hong Kong yesterday.

This was stated by the deputy secretary-general of the Guangxi sub-council of the China Council for the Promotion of International Trade.

Of the orders, \$10.2 million was for cereals, oils, and foodstuffs, \$15.1 million for metals and minerals and \$9.2 million for native produce and animal by-products.

But observers expressed doubts about the ability of Guangxi executing all the orders as, beginning next year, all exports will be gradually covered by licenses under a central government quota system.

The licensing and quota system will take away certain rights of local authorities to sign export contracts with foreign companies.

Although discussions are underway on how to implement this system, observers said some of the Guangxi products contracted for sale during the exhibition are likely to be affected.

From next year, only the central government will exercise the right to sign contracts with foreign firms for the export of metals and minerals.

The centre will also control most of the exports of native produce and animal by-products, which observers say is a step to curb the outflow of parallel goods.

Mr Yen said most of the products on sale at the exhibition fell within the quotas granted by the centre for next year.

He said items not covered by quotas will be shipped out before the end of this year, an uphill task, in the eyes of the observers, to be fulfilled in two weeks.

They said although China's Seventh 5-Year Plan calls for increased exports of light industrial products, Guangxi seems to be boosting sales of only primary products.

They said exporting primary products hurts China's economy since they have to be sold at prices lower than that obtained on the domestic market.

Some China traders said there won't be a big problem shipping out the products before year-end as it is common in China to have the delivery date postponed or meeting it by getting "special treatment."

/9599

CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

PRC DOMESTIC ENTERPRISES SEEK 'SELLER CREDIT'

HK110649 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 11 Dec 85 p 5

[Article by Paul Sham]

[Text] China's domestic enterprises want seller credit to buy foreign products, according to local bankers and businessmen trading with the mainland.

They said this credit demand, along with the leasing business, was prompted by the country's clampdown on foreign exchange spending which led to a cut in loans by the Bank of China [BOC].

With foreign seller credit, domestic enterprises stand a better chance of getting government approval for the purchase of imports as payment is usually by instalments.

Another advantage is that the firms can pay with the earnings from the sale of the imported machinery or equipment, thereby meeting the government's control on foreign exchange spending.

Sources said the willingness of Chinese enterprises to seek seller credit is also due to the narrowing gap between the loan rates of the BOC and foreign banks.

Previously, the BOC charged about four to five percent a year while the consensus rate of export credit to China is 9.85 percent.

A senior executive of Standard Chartered Asia said that in the past China's domestic enterprises preferred loans from the BOC, but the trend now was to seek foreign loans.

He said it is now common for foreign suppliers to arrange for financing when doing sales with China.

A director of Jardine Engineering Corp., Mr Phil Fanning, said the company is negotiating with several finance firms and banks to offer credit lines for its Chinese clients, although it does not encourage such arrangements.

He said such a measure is one way of expanding business operations in China since Hong Kong traders do not have credit backing from their government.

The chairman of Renful Computer Ltd., Mr Paul Yip, said the growing demand for seller credit is "quite natural" as China's domestic firms lack the financial backing to make purchases overseas.

"If the BOC will not give them (domestic enterprises) loans, they will have to get the money elsewhere," he said.

Mr Yip added that such financing will not lead to abuses by the Chinese firms as happened earlier this year.

"Both the control measures of the Chinese authorities and the management of companies have been put on the right track," he said.

/9599

CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

LEASING DEAL SIGNED BY XIAMEN ENTERPRISES

HK040655 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS supplement) in English 4 Dec 85 p 5

[Article by Cecilia Ko]

[Text] A group of banks led by Trilease International Ltd. has signed a syndicated leasing agreement with Xiamen Overseas Chinese Electronic Corp. [XOCEC] for the purchase of electronic production lines.

A spokesman for Trilease said yesterday it is the first time a China enterprise has made use of syndicated leasing to import machinery and equipment.

He believes this new form of leasing arrangement is a good way for China to raise funds for big infrastructural and energy projects, especially given the tight control of foreign exchange spending at the moment.

Under the agreement, the banks will provide jointly as much as U.S.\$321 million for buying the equipment and leasing to the China user.

The spokesman said the fund will be drawn down in two stages, with the first tranche of 310 million provided by five banks--China State Bank, Bank of East Asia, Kleinwort Benson, Societe Generale and Trilease.

The second tranche will be drawn down according to the needs of the China user.

XOCEC is a joint venture between the Hong Kong-based Conic Investment group, Xiamen Electronic Bureau, and the Xiamen Economic Zone United Development Corp. which was set up in October last year.

The company operates 13 factories in Xiamen manufacturing products ranging from colour television sets and recorders to electronic parts.

A Trilease spokesman said the equipment being leased includes production lines installed in three factories.

The agreement will last for seven years during which the lessee will pay a monthly rental.

At the end of the contract, the equipment will be sold to the lessee at a nominal value, as happens with other finance lease agreements.

The spokesman said as a significant portion of KOCEC's products are for export, the company will be able to obtain foreign exchange for the rent.

As China has tightened control on foreign exchange spending, leasing is a suitable way for China enterprises having the foreign exchange earning power to import equipment, he added.

He also said a syndicated leasing deal differs from an ordinary leasing transaction in that more banks provide for the funding.

He believes as many foreign banks are keen on the China leasing market and a vast amount of capital is required for the priority projects under Beijing's 5-Year Plan, syndicated leasing will become a popular form of financing on the mainland.

/9599

CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

OFFICIAL URGES 'SPECIAL DEAL' FOR OVERSEAS CHINESE INVESTORS

HK130647 Hong Kong SOUTH CHINA MORNING POST in English 13 Dec 85 p 10

[Article by Ophelia Suen, Albert Chan and Timothy Jim]

[Text] Overseas Chinese investing in Fujian should be able to win a share of China's domestic market--and have their products' international wholesale rights specially protected at the same time.

The special deal was urged recently by the new deputy provincial head of Fujian, Mr Chen Binfan, who was the former chairman and general manager of Fujian Enterprise (HK) Ltd.

He said that as Fujian is one of the two provinces in China which implements special policies and flexible measures, it must be able to work in accordance with its uniqueness by linking foreign economic activities with its administration of overseas Chinese affairs.

Fujian is second among all provinces in China with strong overseas Chinese connections.

It is estimated that between six to seven million people originating from the province are now scattered around the world.

Mr Chen believed that ethnic Fujianese all share the hope that their homeland can become prosperous as soon as possible and that they are willing to contribute towards that goal.

"So to open, we must first open to overseas Chinese. As to economic privilege, we must first grant it to ethnic Chinese who invest in their homeland," Mr Chen said.

But he cautioned against the so-called "green eye disease"--jealousy against investors who make money in the provinces.

Also essential to the province's economic development is that its foreign economic activities be linked with foreign trade, Mr Chen said.

"It is wrong if people in charge of technology transfer cut themselves off from trade, or people in charge of trade cut themselves off from investment."

Instead trade must be so developed to promote investment and investment will in turn nurture trade, he said.

Mr Chen said that one area for foreign trade is through acquiring sophisticated overseas equipment to help produce new high quality products and eventually invade international markets--leading to greater progress in foreign trade.

He said: "Once foreign trade has been developed, it can also promote investment and technology transfer."

Mr Chen stressed that to adjust to the need of such new foreign economic situations, there must be a strong team of personnel that not only knows China's present policy and direction, but is also familiar with foreign economic activities.

The team must be able to handle matters in accord with international code and practices, as well as in line with China's domestic situation. It should also preferably consist of people who have a good grasp of one or two foreign languages.

Fujian will be sending students for overseas study and training as well as inviting foreign experts to the province as two ways of improving the capability of such a team.

Mr Chen believes Fujian's foreign economics and trade have improved year by year.

Since implementing special policy and flexible measures six years ago, the province has strengthened its infrastructure for transport, postal and telecommunications, water and power supplies as well as tourism.

This in turn has created an investment environment enabling businesses and investment to be conducted with greater convenience, Mr Chen said.

Between 1979 and June this year the province signed about 753 contracts amounting to U.S.\$640 million (about HK\$4.9 billion) with overseas Chinese and foreigners.

Among these included 19 loans of over U.S.\$1.37 million (about HK\$1.06 billion), 577 direct investment amounting to U.S.\$470 million (about HK\$3.6 billion), 157 credit financing of U.S.\$30 million (about HK\$234 million).

Meanwhile, Mr Chen also said several major characteristics had emerged this year in investment in the province.

The average project scale has become larger. For instance, there are 10 U.S.\$10 million (about HK\$78 million) investments and a hundred U.S.\$1 million (about HK\$7.8 million) investments.

The number of investment items has grown from electronics, light industrial plastics, tourist industry, arts and handicrafts to include textiles, construction, telecommunications, food processing, iron and steel, energy, transportation, and finance.

The investment also covers a larger area, from coastal cities to 18 counties and towns in inner areas.

Fujian has also made a good start on technology transfer, foreign trade, consignment of overseas projects and labour exports.

Mr Chen said: "So we can say that Fujian has entered a new development phase in its foreign economic activities."

/9599
CSO: 4020/153

FOREIGN TRADE AND INVESTMENT

GUANGDONG OFFICIALS ADDRESS SEMINAR IN HONG KONG

HK010540 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 1 Jan 86 p 1

[Text] Guangdong concluded 6,678 contracts with foreign businessmen with a total investment value of U.S.\$517 million in the first nine months of last year, senior provincial trade official said.

The deputy director of Guangdong's foreign economic relations and trade commission, Mr Zhang Lie, said foreign investment has helped the province to upgrade its industries, penetrate overseas markets and create jobs.

Between 1979 and 1984, the province signed more than 50,000 contracts carrying a total investment of 1.94 billion, he said.

Mr Zhang is a member of a high-level Guangdong delegation visiting Hong Kong to promote an investment symposium to be staged here soon.

Addressing a seminar held by the Trade Development Council on Monday, he said the scale of foreign investment in the province has increased in the past few years.

"The value of investment projects has grown from several thousands of dollars in the past to several millions or hundreds of millions," he said.

More investors are now interested in putting money into export industries and high-technology production in the province, he said.

Guangdong's exports in the first nine months of last year reached 1.97 billion and the full year's figure will be substantially higher, he forecast.

For the whole of 1984, exports were worth 2.42 billion.

The head of the delegation, Mr Wang Weiguang, who also addressed the seminar, said Guangdong will concentrate its efforts on five key areas in China's five-year plan for 1986-90.

These will be infrastructural development, including energy and telecommunications, technical renovation of backward industries, development of advanced industries, such as electronics, introduction of advanced agricultural technology and development of service industries.

/6662

CSO: 4020/154

FOREIGN TRADE AND INVESTMENT

SINO-SOVIET BORDER TRADE SHOWS 12-FOLD RISE OVER 1983

HK040715 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 4 Dec 85 p 5

[Article by Paul Sham]

[Text] Border trade between the Soviet Union and the Inner Mongolia Autonomous Region of China has jumped 12 fold this year compared with 1983, according to a senior official.

The assistant director of the region's Foreign Economic Relations and Trade Department, Mr Song Huanwu, told reporters yesterday border trade had risen to 42 million Swiss francs (about HK\$157.2 million) this year from three million francs in 1983.

The Soviet Union prefers this trade to be conducted in Swiss francs.

Mr Song was speaking at the opening of the region's representative office and its trade and investment meeting in Hong Kong.

Mr Song said trade between Inner Mongolia and the Soviet Union resumed in 1983 after a 14-year break, a result of sour Sino-Soviet political relations.

Besides Inner Mongolia, two other territories--Heilongjiang and Xinjiang--also have border trade with the Soviet Union.

Mr Song said the trade is on a barter basis, with a "fairly well maintained" trade balance.

Major imports from Russia are electrical household appliances, cement, wood, refrigerators, steel and cars while Inner Mongolia exports food and light industry products.

Mr Song said trade between Inner Mongolia and Outer Mongolia is moving on the right track although the current volume is minimal.

Business activity between the two places started this year, and the volume is expected to reach about 600,000 francs.

Mr Song said the volume is low as Outer Mongolia has few export items. But, business is expected to pick up, he said.

Mr Song said China will encourage trade with the Soviet Union and Outer Mongolia on the principle of mutual benefit.

The director of Inner Mongolia's planning committee, Mr Eerdun, said the region has reached agreement on a US\$150 million syndicated loan with a French bank. The loan is to finance the building of a 835 km railway linking Jining and Tongliao.

He said the construction cost of the railway is estimated at 900 million yuan (HK\$2.21 billion).

The loan carries an interest rate of 5.5 percent and is repayable in 16 years with a three-year grace period.

Repayment will be through the export of coal.

Mr Eerdun said 350,000 tons of coal will be exported each year.

/6662

CSO: 4020/154

FOREIGN TRADE AND INVESTMENT

SWEDISH OFFICIAL ON FUTURE TRADE WITH CHINA

OWO41336 Beijing XINHUA in English 1247 GMT 4 Dec 85

[Text] Beijing, December 4 (XINHUA)--Visiting Swedish Minister of Foreign Trade Mats Hellstrom expressed optimism about the future development of trade and economic cooperation between Sweden and China.

Speaking today at a seminar held by Sara Hotels, a Swedish service company, Hellstrom said that economic relations between the two countries have developed rapidly in recent years.

Economic cooperation and trade has involved many fields, including the service trade, transportation, and computer technology. Swedish companies and banks have opened about 20 representative offices in China.

"Our trade, highly diversified, offers a broad and stable basis for the future. Sweden is suited to share its know-how, technical and scientific experience with China," he added.

The Swedish minister arrived here last Monday at the invitation of the Chinese Ministry of Foreign Economic Relations and Trade. He left here today for Xian to attend the inaugural ceremony of the Golden Flower Hotel, managed by Sara Hotels.

At the seminar this morning, Swedish experts on the service industry briefed their Chinese colleagues on their experience in service management.

/9599
CSO: 4020/157

FOREIGN TRADE AND INVESTMENT

OPEN DOOR BENEFITS FUJIAN'S MOUNTAINOUS AREAS

Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 15 Nov 85 p 1

[Article by Lin Junqing [2651 0193 0615]: "Fujian Opens Door to Foreign Capital To Develop Mountainous Areas; Longyan, Sanming and Jianyang Speed Up Pace of Economic and Technical Cooperation with Foreign Countries and Establish More Than 60 Joint Enterprises and Begin Over 70 Projects"]

[Text] XINHUA dispatch from Fuzhou, 14 Nov: This reporter recently learned from the Provincial Foreign Trade Commission that the open door policy in Fujian Province has spread from the coast to its mountainous areas. Economic and technical cooperation with foreign countries in the three prefectures and cities of Longyan, Sanming and Jianyang is being accelerated.

In the past 2 years, nearly 70 percent of the counties and cities of these three prefectures have been attracting foreign capital, and have established 66 joint capital or cooperative ventures. More than 70 projects involving the introduction of advanced technology and equipment and the reform of old enterprises have been undertaken.

There are 48 counties and cities in the mountainous area of Fujian Province, a region whose population is 47 percent of the entire province, while its area is 77 percent. With an abundance of natural resources, the area is the main lumber producing region of South China. It has great mineral resources such as coal, iron, molybdenum, manganese and tungsten, as well as hydroelectric power. However, the area's industrial base has been a poor one for a long time. Its equipment is old, technology backward, and economic returns low.

With the establishment of the Xiamen SEZ, of Fuzhou as an open city and the coastal and other economic development zones, the various counties and cities of the mountainous area have begun to place an emphasis on attracting foreign capital, technology and equipment in order to accelerate the area's economic development.

The development and utilization of local mining and forestry resources is the current focal point of the open door policy in the area. Last year Zhangping County imported a marable processing production line from abroad, which after going into production raised the industrial output value for the county by more than 60 percent.

In their implementation of the open door policy, the counties and cities of the mountainous area have focused primarily on attracting small amounts of capital and establishing small-scale enterprises. Since last year the five counties belonging to Sanming City signed contracts with foreign businessmen to create 80 joint capital or cooperative projects, the total investment value of which came to \$10 million. The average value of each project did not exceed \$600,000. Responsible persons from the Sanming City Economic Commission reported that attracting foreign capital to build small-scale enterprises does not require much investment, but brings fast returns and is suitable to the economic conditions of poor, mountainous counties, while at the same time is helpful in attracting medium and small investments from abroad.

The governor of Fujian Province, Hu Ping [5170 1627], suggested at a recent conference that in the use of foreign capital in mountainous areas to begin joint capital, cooperative and foreign capital enterprises, time limits can be appropriately lengthened, land utilization fees can be lowered, and a larger amount of products can be sold domestically.

In the implementation of the open door policy, the counties and cities of the mountainous areas have provided preferential treatment to foreign businessmen and have continued to accelerate the pace of economic and technical cooperation, from which they have received definite economic returns. Last year 21 sets of equipment and technology imported by the industrial cities of the area such as Sanming, Longyan, Shuiian, Nanping and Shaowu were put into production, and are now manufacturing new products.

1221/12859
CSO: 4006/357

FOREIGN TRADE AND INVESTMENT

BRIEFS

XIAN LUXURY HOTEL--Xian, 7 Dec (XINHUA)--A recently constructed luxury hotel, the "Jinhua" (Gold Flower)--a Sino-U.S. joint venture--opened to the public here today. The U.S. Kowin Development Corporation invested about 10 million U.S. dollars in this 7-storey hotel, which contains more than 200 rooms and covers a floor space of 5,000 square meters. The construction of a second phase--a new 20-storey block containing 400 rooms is to start in 1986 and will be completed in 1987. Kowin will invest about 40 million U.S. dollars in this project. Xian, the ancient capital of 11 dynasties, is one of the most popular cities for tourism in China. It hosted some 150,000 tourists from all over the world last year, and this year has seen a 20 percent increase in the number of visitors. [Text] [Beijing XINHUA in English 1649 GMT 7 Dec 85 OW] /6662

SHANGHAI FOREIGN EXCHANGE FROM TOURISM--Shanghai, December 16 (XINHUA)--Shanghai, the largest industrial city in China, will earn foreign currency equivalent to 400 million yuan in renminbi (about 130 million U.S. dollars) from tourism this year, three times the figure for 1980. The average foreign tourist spends the equivalent of 350 yuan in foreign currency buying Chinese goods, said an official of the city's tourism department. About 570,000 tourists from abroad and Hong Kong and Macao flooded into Shanghai in the first 11 months of this year, almost double the 1980 figure. Among them half a million were foreigners. During the Sixth Five-Year Plan period (1981-1985), 2.32 million foreign tourists visited Shanghai, increasing about 14 percent annually, the official said. During the period, Shanghai has attracted foreign currency equivalent to 1.25 billion yuan. In the same period about 6,000 taxis and more than 40,000 beds were added, and 20 tourist hotels were constructed. Another 20,000 hotel beds will be added within the next three to five years, he said. [Text] [Beijing XINHUA in English 1634 GMT 16 Dec 85 OW] /6662

SHANGHAI WORLD-STANDARD PRODUCTS--Shanghai, 13 Dec (XINHUA)--The quality of 33 of Shanghai's industrial products this year has reached advanced world standards of the early 1980s, a city official said today. One hundred and thirty-three have been reported to obtain the late 1970s standards. The quality of 31 products has been approved by a number of international organizations, including the ship registers of Federal Germany, Japan, Norway, and the United States. The rest had received approval from the Shanghai

22 January 1986

Bureau of Standardization and Metrology. They are all popular and reputable products made through sophisticated techniques. Included are "Huili" brand tubeless car tires, rolled steel for mini-bearings, 21,000-ton bulk freighters, and marine diesel engines. Last year, city authorities launched a 4-year drive to bring 500 major industrial products up to advanced world levels, the official said. Shanghai has improved 337 products since last year with an output value of 5.6 billion yuan a year--7 percent of the city's total.

[Text] [Beijing XINHUA in English 1206 GMT 13 Dec 85 OW] /6662

QUALITY STANDARDS FOR FOREIGN FIRMS--Beijing, January 2 (XINHUA)--China is to recommend quality standards to foreign businesses wishing to manufacture Chinese handicrafts and other traditional products, said an official of the Ministry of Light Industry. These products include porcelain, carpets, Chinese musical instruments and what is called in China the four treasures of study (writing brush, ink stick, ink slab and xuan paper), said a ministry official. The official also said that Chinese standards for the production of photographic halogen light had been adopted unanimously by representatives from 23 countries at an international standards meeting held in Canada. Meanwhile, the ministry is actively promoting the application of existing international standards to domestic production. About 30 percent of its products now meet these standards. [Text] [Beijing XINHUA in English 0842 GMT 2 Jan 86 OW] /6662

GROWTH OF PRC EXPORTS--Beijing, December 27 (XINHUA)--China is exporting more farm and sideline produce and their processed products this year than last, according to the PEOPLE'S DAILY today. The 1984 exports of such goods were valued at 24.4 billion yuan, 2.5 times the 1978 figure. The paper also says that Chinese-made household appliances have entered the international market. The country has earned 400 million U.S. dollars by exporting such products since 1981, the first year of the Sixth Five-Year Plan period. A traditional exporter of electric fans, lamps, cookers and flatirons, it now exports refrigerators and washing machines in small quantities, the paper says. [Text] [Beijing XINHUA in English 0735 GMT 27 Dec 85 OW] /6662

SHANDONG EXPORT SUCCESSES--Qiangdao, 1 Jan (XINHUA)--Shandong Province, a major export base of China, reported an export earning of 2.65 billion U.S. dollars in 1985, 15 percent more than in 1984. A provincial official noted here today that the coastal province in the eastern part of China exports to more than 130 countries and regions. The goods exported include agricultural and rural sidelines products, light industrial goods and textiles, he said. [Text] [Beijing XINHUA in English 0853 GMT 1 Jan 86 OW] /6662

HUNGARIAN-PRC TRADE AGREEMENT--Beijing, 16 Dec (MTI)--The 1986 Hungarian-Chinese trade and payments protocol was signed in Beijing, Monday by Janos Ambros, Hungarian deputy minister of foreign trade, and Chen Jie, [words indistinct] relations. A further increase in bilateral turnover is envisaged in the document. Hungarian exports to China are mainly vehicles and vehicle parts, machines, installations, instruments, rolled goods, and chemical fertilizers. Imports include textiles, clothing articles, manufactured [word indistinct] food products, agricultural [words indistinct] raw materials and an increasing quantity of electronics products. The signing ceremony was attended by Zheng Tuobin, Chinese minister of foreign trade and foreign economic relations. [Text] [Budapest MTI in English 1726 GMT 16 Dec 85] /9599

JOINT VENTURE 'REMARK' EXPLAINED--Beijing, Dec 3, (KYODO)--Meeting newsmen later, Sakurachi said that State Councillor Gu Mu had told the delegation Monday that the period of joint ventures with foreign interests could be extended indefinitely, although it is generally 30 years. The remark of Gu, who is in charge of China's economic policy, is taken here as an indication that China is taking a positive attitude to the demand by foreign businesses that the time limit of 30 years, as prescribed by the implementation rules of a law governing joint ventures with foreign firms, be abolished. In October last year, Gu ruled out the idea of going so far as to revise the law to abolish the time limit. At the time, he noted that the current law permits extension of the period after the lapse of 30 years. Japanese sources here said that it is not certain whether Gu's remark Monday suggested the possibility of a law revision. [Text] [Tokyo KYODO in English 1232 GMT 3 Dec 85] /9599

TIANJIN PORT EXPORT QUOTAS--Tianjin, 14 Dec (XINHUA)--Tianjin Port, a major international trading port of China's had by yesterday outstripped its 1985 export quota of 1.035 billion U.S. dollars, said the port administration today. The port handles exports from north and northwest China. [Text] [Beijing XINHUA in English 1609 GMT 14 Dec 85 OW] /9599

CSO: 4020/153

SPECIAL ECONOMIC ZONES

XIAMEN GVIO, NATIONAL INCOME TO DOUBLE LAST YEAR'S

Beijing RENMIN RIBAO (OVERSEAS EDITION) in Chinese 17 Nov 85 p 3

[Article by Shi Zhengyao [2457 1513 1031]: "Rapid Economic Development in Xiamen Since Creation of SEZ Five Years Ago; GVIO and Share of National Income To Increase by 2.2 Times"]

[Text] Deputy Mayor Wang Jinshui [3769 6855 3055] told us recently that, "In the 5 years since the establishment of the Xiamen SEZ, Xiamen's economy has developed faster than ever before." Wang is deputy mayor of Xiamen City.

According to the deputy mayor, this year, the GVIO of Xiamen SEZ may reach 2.5 billion yuan, and its share of the national income may reach 1.42 billion yuan. Both figures are 2.2 times greater than those of 1980.

In October of 1980, the State Council decided to designate 2.5 square kilometers in Xiamen's Huli Industrial District as a special economic zone. In March 1984 the CPC Central Committee decided to expand the scope of the SEZ to include the entire island of Xiamen for a total area of 131 square kilometers. This June in its instructions "Concerning the XIAMEN SEZ Program," the State Council confirmed its plans to construct Xiamen into an overall, outward-facing-type special economic zone in which industry would be primary, followed by tourism, commerce and real estate.

Deputy Mayor Wang Jinshui said that now that the Xiamen SEZ's orientation has been set, the speed of construction should further accelerate. When conditions are ripe, certain freeport policies will be implemented to open the zone's door to the outside even wider.

Since the creation of the SEZ, more than 600 million yuan have been invested to improve basic facilities. The Huli Industrial District and the first stage of construction of the Dongdu New Harbor have been basically completed, as has the construction of the Xiamen International Airport. A computerized telephone system has also been imported from abroad. Deputy Mayor Wang said that the completion of these projects has improved the Xiamen SEZ's atmosphere for investment, and has created conditions necessary for the importation of foreign capital.

According to statistics, from the granting of approval for the establishment of the SEZ until this September, Xiamen has already signed 272 contracts setting

up joint capital and cooperative ventures as well as foreign-owned ventures within the zone with a total investment worth of \$1.1 billion. Of these projects, 83 have already been constructed and put into production or opened for business. The total investment value of these projects was more than \$210 million.

Major products have been televisions, computers, telephones, fiberglass boats, construction materials, etc.

At present 45 economic organizations from America, England, the Federal Republic of Germany, Japan, Singapore, Hong Kong and Macao have established representative offices in Xiamen. Singapore's Dahua Bank and Hong Kong's Jiyou Bank have already granted approval to set up branch offices in Xiamen.

Deputy Mayor Wang said that after the importing of new technologies, the reform of Xiamen's more than 80 old enterprises is an important task. Varying degrees of reform have been carried out over the last few years and have led good economic returns.

Deputy Mayor Wang also said that according to the construction plan which emphasizes industry, over 60 percent of projects involving foreign capital will be in industry from now on. Projects must also be carefully chosen so that they will encourage the development of export commodities. The main purpose of the construction of basic facilities is to develop energy and transportation, to expand the harbor, airport and communications, etc. The cultivation of talent and personnel is also stressed in the Xiamen SEZ. Nearly 2,000 middle- and high-level technicians have been employed from across the country, while 27 well-known experts and scholars from home and abroad have been employed as consultants.

12221/12859
CSO: 4006/357

SPECIAL ECONOMIC ZONES

ELECTRONICS GROUP SET UP IN SHENZHEN ZONE

OW011452 Beijing XINHUA in English 1479 GMT 1 Jan 86

[Text] Shenzhen, January 1 (XINHUA)--An electronics group with more than 100 local enterprises was set up today in the Shenzhen Special Economic Zone in Guangdong Province. It will start business January 6.

Most of these enterprises are affiliated to the Ministry of Electronics Industry and Shenzhen City, said group general manager Ma Fuyuan.

The group will help its members expand exports, open new markets, and set up networks of information, marketing and services abroad, Ma said.

The group is authorized by the Shenzhen City Government to plan the development of the electronics industry and formulate policies and technical norms.

The electronics industry in Shenzhen is now comprised of 160 factories, as against one small radio factory 5 years ago. Its output value jumped from eight million yuan to 1,040 million yuan between 1980 and 1984 accounting for 57 percent of the city's total industrial output value.

Ma Fuyuan said that the group will set up centers of technology and new product development, standardization, and quality control as well as training centers.

Group members include Chinese-foreign joint ventures and cooperative enterprises. They manufacture computers, communications facilities, appliances, meters, and instruments and other products.

The group also plans to explore the possibility of establishing transnational corporations and issue bonds and stocks, he added.

/9599

CSO: 4020/156

LABOR AND WAGES

FAMILY WORKSHOPS ABSORB SURPLUS RURAL LABOR

OW191006 Beijing XINHUA in English 0906 GMT 19 Dec 85

[Text] Hangzhou, December 19 (by XINHUA correspondents Liu Xingze and Wang Yanbin)--Once suppressed as a "hotbed of capitalism," family businesses are now encouraged as one way to divert China's surplus rural labor force.

The number of such businesses has snowballed to 133,000 in Wenzhou City in South Zhejiang Province in the past five years, said Vice-Mayor He Rongfei. These employ 400,000 people in the nine counties under the city's jurisdiction.

Another 100,000 peasants not needed on the land act as full-time sales and purchasing agents. Service trades also employ 100,000 people, he added.

Farmland averages more than 30 people to one hectare in the counties, but one farmer can at least work half a hectare.

The overcrowded city center can receive no more emigrants from the countryside, he said.

With an area of 11.3 square kilometers, it has a population of 353,800, averaging 31,700 people per square kilometer, compared to 28,500 per square kilometer in Hong Kong.

Because farmland is limited, he said, Wenzhou peasants by tradition like to make a living by engaging in small businesses.

Before 1976, however, they were discouraged. The prevalent logic then was that small production was dangerous, liable to give rise to capitalism which China must try to stop.

But now family businesses are seen as a useful supplement to the socialist economy, he said.

In Wenzhou, family workshops turn out more than 10,000 kinds of goods, mostly daily necessities and simple electrical gadgets.

These are sold mainly to remote, outlying places, which are often beyond the reach of the government supply networks.

With help from the city government, some 130 open markets have been established. Ten of them now have an annual volume of business exceeding one billion yuan.

Local governments are also busy building new post offices and expanding existing ones in this mountainous area, as some family workshops, which produce in relatively small quantities, send most of their products to customers by mail.

Over the past five years, altogether 160 million yuan of government money has been spent for that purpose.

Thanks to the development of family businesses, the vice-mayor said, the per capita income for the rural population increased to 427 yuan in 1984 from about 50 yuan before 1978.

/9599

CSO: 4020/140

TRANSPORTATION

PUNISHING ILLEGAL ACTS OF PROFITEERING

OW200920 Beijing XINHUA Domestic Service in Chinese 1516 GMT 19 Dec 85

[By reporter Zhang Jinsheng]

[Text] Beijing, 19 Dec (XINHUA)--In order to continue to intensify the current activities of punishing illegal acts of profiteering through resale of train and steamer tickets, the Ministries of Railways and Communications will work in conjunction with public security departments. They have further mapped out plans for such work, calling for concentrated efforts to punish ticket peddlers during the New Year and Spring Festival period and bring about a marked turn for the better in order at railway stations and passenger wharves throughout the country.

At an all-railway telephone conference convened today, the Ministry of Railways proposed: All railway bureaus should regard the work of punishing ticket peddlers as an important task in consolidating railway security and order and in strengthening the railway workstyle, and should persist in constantly and repeatedly grasping the task. Especially during the busy Spring Festival transport period, all railway bureaus should carry out activities of punishing ticket peddlers with concentrated efforts. Illegal elements who were arrested for profiteering through resale of tickets should be firmly investigated and punished according to law. The conference also called on all railway bureaus to strengthen their passenger tickets management and stop gaps in such work.

The meeting on consolidating seaports held recently by the Ministry of Communications in connection with the Ministry of Public Security proposed: It is necessary to organize forces in this winter and next spring to carry out consolidation of security and order at passenger wharves and at sites where tickets are sold; to roundly stop the unhealthy tendencies of profiteering through resale of steamer tickets; and to strengthen the regular management work, thereby practically maintaining order in these places. With regard to illegal elements who engaged in profiteering through resale of steamer tickets, it is necessary to handle them individually one after another as they are discovered, take photos of them, and place the photos on file. At the same time, notification should be sent to their units and localities. Those illegal elements who formed groups, colluded inside and outside their units and localities, or made a career of repeatedly profiteering through resale of steamer tickets should be arrested and brought to account. Those who repeatedly engaged in profiteering through resale of steamer tickets and never corrected themselves despite repeated punishments should be detained and investigated. Necessary punishments should be imposed on those who occasionally engaged in profiteering through resale of steamer tickets.

TRANSPORTATION

PLA CUTS DOWN TRANSPORT EXPENSES IN NORTH CHINA

OW200827 Beijing XINHUA Domestic Service in Chinese 0236 GMT 20 Dec 85

[By reporter Ye Xulin and correspondent Wu Zhimin]

[Text] Beijing, 20 Dec, (XINHUA)---On the basis of saving military transportation expenses of 3.1 million yuan and dispatching 6,298 train cars less than planned last year, the PLA military representative's office in the Beijing Railway Bureau has saved more than 3.22 million yuan in military transportation expenses and dispatched 4,788 train cars less than planned from January to November this year. The Military Communications Department of the PLA General Logistics Department recently issued a circular on the experiences of the military representative's office in lightening the burden on the state through careful calculation and strict budgeting.

This military representative's office, which is responsible for military transportation, has personnel stationed in 6 railway subbureaus and 14 railway stations in north China. The military representative's office party committee has performed its duties in strictly "examining and settling accounts of military transportation expenses and guiding PLA units in properly using such expenses." It has often educated office personnel to foster the idea of being master of the country and contribute to saving money for the state in the situation in which there is a strain on rail transport across the country. Regarding the paring of transportation expenses as the order of the day, the party committees of the military representative's office and its branches in six railway subbureaus have taken measures and set requirements for monthly, systematic inspection, comparison, and assessment. They have held several meetings to exchange experiences in cutting down military transportation expenses and the reward and commend advanced units and individuals. As a result, their drive to cut down military transportation expenses has persisted.

/8918

CSO: 4006/473

TRANSPORTATION

MINISTRY CALLS FOR SAFE PASSENGER TRANSPORT

OW221958 Beijing XINHUA Domestic Service in Chinese 1340 GMT 21 Dec 85

[Text] Beijing, 21 Dec (XINHUA)--The Telecommunications Ministry issued a circular today calling on all highway transport departments and coastal and inland river port shipping units to take effective measures to improve order at the stations and harbors, strengthen ticket sales, raise the quality of vehicles and vessels, extend the schedules for spring season transport, and strive to do a good job in handling passenger transport during the 1986 Spring Festival.

The circular said: Passenger safety should come first when handling passenger transport during the 1986 Spring Festival. While it is necessary to fulfill the transport task in terms of both time and quantity, it is by no means permissible to load more than regulations permit or navigate when conditions are dangerous. For this reason, transport departments in all localities are directed to effectively strengthen their leadership over Spring Festival passenger transport work and make good preparations in all fields. Leading comrades should carry out supervision and inspection at stations, docks, and onboard vessels; conduct serious investigation and study with regard to the flow of passengers in their localities; and formulate plans and arrange transportation accordingly. Shipping departments should tap transport potentials and step up repair to make sure adequate number of vessels will be available to handle Spring Festival transport work. Harbors should take the initiative to coordinate and carefully arrange for berthing spaces to insure that the passenger ships can berth on schedule. Highway transport departments should increase bus runs and plan for quick repairs. Safety measures should consider the characteristics of the spring transport period--increased passenger flow and cold weather--to make sure the passengers will be safe and well.

The circular also called on all localities to continue to improve order at the stations and docks and on board vessels, strengthen control over ticket sales, and take strong measures against such irregularities as illegally buying up and reselling bus and boat tickets. Harbors and stations expecting a high rate of passenger flow should increase ticket windows and extend ticket selling hours. Measures should be taken to improve the accommodations for passengers waiting for their busses or boats. Food supply at the stations and shipboard meal service management should be strengthened and food quality improved to insure passengers' meals are served in time.

The circular noted: In view of the marked growth in the rate of passenger flow in recent years, the 1986 spring transport period will be extended to 50 days. In other words, it will start on 20 January and end on 10 March, 10 days longer than usual. During the spring transport period, for those shipping lines that usually have a high rate of passenger flow, the shipping units should make careful transport arrangements as usual to disperse the passengers in time in order to avoid congestion and delay.

/8918

CSO: 4006/473

TRANSPORTATION

CHANG JIANG WATER TRANSPORTATION DEVELOPED

OW211041 Beijing XINHUA Domestic Service in Chinese 0106 GMT 21 Dec 85

[By correspondent Liu Xiaoning and reporter Li Xingmin]

[Excerpts] Nanchang, 21 Dec (XINHUA)--The river system of the Chang Jiang consists of some 3,600 streams. According to information released by departments concerned recently, navigation of this river system has become "lively" and entered a new stage of development. Initial improvement work has been done on dangerous shoals, reefs, and narrow waterways on some of the rivers. Now there are 90 principal navigable rivers, while docks for joint land and water transportation with a relatively high degree of mechanization have been built at a number of major ports. In Nantong Zhangjiagang, Zhenjiang, and Nanjing, deep-water berths have been built to make joint river and sea transportation available in these localities. Statistics show that during the last 3 years the total freight volume transported by this river system increased by an average 10 percent annually. The freight volume this year is expected to reach some 260 million metric tons, accounting for approximately more than four-fifths of the total volume of goods transported by inland rivers in the country.

As water transportation in the Chang Jiang and its tributaries is entering the new vigorous stage, the following three breakthroughs have appeared:

1. Many provinces and cities in the Chang Jiang Valley have changed the idea of "attaching importance to land transportation rather than water transportation" and have begun to make vigorous efforts to develop river navigation. Yunnan, Guizhou, and Sichuan provinces have abundant material resources, but the railroad transportation which brings goods into and out of these three southwestern provinces has nearly reached the saturation point. In recent years they have made active efforts to form freight fleets and taken advantage of the numerous Chang Jiang tributaries in their provinces to develop water transportation as a way to ship out their supplies.
2. "Rivers are open for navigation by all, and ports are open for use by all." This practice has changed the previous state of affairs where navigation in the river system of the Chang Jiang was operated solely by one unit. Now all provinces and cities and all navigational departments actively support local fleets and transportation units, both collective and private, to develop water

transportation. All ports and docks now serve the ships operated by various units instead of serving only the needs of the Chang Jiang Transport Administration as in the past. This has resulted in the vigorous development of water transportation services of all kinds and operated by all levels, including those operated by the state, collectives, and individuals.

3. The previous Chang Jiang transportation system characterized by barriers between departments and regions have been changed. Now shipping enterprises in various localities are developing on an extensive scale through-transportation services involving different regions with the result that through-transportation fleets are busy plying the Chang Jiang and its tributaries. This has boosted the transportation capacity of this river system and accelerated the exchange of supplies.

/8918

CSO: 4006/473

TRANSPORTATION

SHAANXI IMPLEMENTS ROAD TRANSPORT PROCEDURES

HK201412 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 19 Dec 85

[Text] In view of the province's current chaotic situation in road transport, the provincial economic committee and the provincial communications department recently formulated and promulgated Shaanxi's procedures for the implementation and administration of road transport.

The procedures stipulate that any enterprise or individual who runs a passenger or cargo transport business, or a loading and unloading business, must be examined and be given permission to do it by the competent communications departments at or above county level. Then, the enterprise or individual should submit his application for the issuance of a license before he starts operating.

On the transport of passengers on the highways, there should be fixed routes and assigned spots. The operating routes must undergo examination and permission must be given. The county communications bureaus are responsible for examining and approving routes at the county level. The prefectural and city communications bureaus are responsible for routes linking counties. The provincial communications department is responsible for routes linking prefectures, cities, or provinces.

From now on, anyone who engages in the transport of passengers or cargo on the highways must follow the state policy concerning freight rates. They should levy freight charges in accordance with the operating routes verified by the provincial communications department. All passenger and cargo vehicles travelling on the highways must use the centralized documents. There should be joint examination of highway transport, and checkpoints should be determined by the provincial communications department. All other units and individuals are prohibited from arbitrarily establishing checkpoints, and from levying charges and fines on highway users.

/8918
CSO: 4006/473

TRANSPORTATION

GUIZHOU COMMENTARY ON ELECTRIFIED RAILROAD PROJECT

HK201338 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 17 Dec 85

[Station commentary: "A Great Achievement in Invigorating Guizhou--Hailing the Completion and Opening of the Guiyang-Shuicheng Section of the Guiyang-Kuning Electrified Railroad Project"]

[Text] After some 3 years' hard work, a key state project in the Sixth 5-Year Plan--the section from Guiyang to the west of Shuicheng on the Guiyang-Kunming electrified railroad, the first electrified railroad in our province--has been successfully completed and opened to traffic. This is an important achievement in economic construction in the whole country and is also a good start in the building of electrified railroads in our province. We give our lofty respect to the cadres, engineers, technicians, and railroad construction workers and extend fervent greetings to the completion and opening of this electrified railroad.

The Guiyang-Kunming railroad is an important thoroughfare along which the coal in Liupanshui Prefecture of our province and the phosphorous ore in Yunnan Province will be transported. After the whole line has been electrified, its annual transport capacity will increase from the original 8 million tons to 17.5 million tons, an increase of some 100 percent. This will surely play an important part in speeding up construction in the southwest region, exploiting the abundant mineral resources in Yunnan and Guizhou Provinces, consolidating border defense in the southwest, and developing the national economy.

With a sense of glory, responsibility, and urgency in building a key state project and with the spirit of struggling arduously, the railroad builders who took part in building the Guiyang-Kunming electrified railroad, stood the test of hardship in the bad climatic conditions of the Yunnan and Guizhou plateaus, high mountains, and narrow valleys, overcame many difficulties in the course of construction, and ensured that they coordinated with each other and carefully carried out the design and construction work. They fulfilled the state quota ahead of schedule and completed the section and opened it to traffic according to the schedule. This fully embodied our railroad builders' spirit of being bold in working hard, making sacrifices, opening up a new path, and bringing forth a new idea.

We hope that all railroad builders will continue to maintain and carry forward this spirit of struggling arduously and contributing more and make still greater contributions toward the building of the two railroads--the Hunan-Guizhou and Sichuan-Guizhou railroads--within our province and toward the building of railroads in our motherland.

TRANSPORTATION

BRIEFS

XINJIANG ROAD, RAIL TRANSPORT--Xinjiang overfulfilled the Sixth 5-Year Plan targets for road and rail transport. The region now has 8,800 kilometers of black-top roads. All the 14 prefectures and cities, except for Hami, are linked by asphalt roads. All 85 county seats have black-top roads. Fifty-six percent of the roads in the region are good roads now, compared with 23 percent in 1980, thus reaching the national average figure. By the end of this year, total road freight traffic will exceed 4 million tons, a rise of 63.97 percent over 1980. Improvements were carried out on the Lanzhou-Xinjiang railroad, and double-tracking was instituted at all stations on the line. The universal use of diesel locomotives has improved haulage power and speed. [Summary] [Urumqi Xinjiang Regional Service in Mandarin 1315 GMT 21 Dec 85 HK] /8918

YUN 12-2 PLANE--After being technically inspected, the Yun 12-2 airplane which is made by the Harbin Airplane Manufacturing Company, received the state airplane inspection certificate for qualification today. The Yun 12-2 airplane is a new plane produced by the Harbin Airplane Manufacturing Company. The technological designs of the airplane meet the standards required by general international aviation regulations. At present, this airplane manufacturing company has the capacity of producing two airplanes of this type a month. Not long ago more than 50 airplane experts from various localities throughout the country strictly inspected every part of this airplane and discovered that all its technical norms met the required standards. The Yun 12-2 airplane may be used for many purposes. It may be used as a short-distance passenger or freight airliner, for ocean monitoring, geological prospecting, protecting forests and preventing forest fires, farming operations and other specialized purposes. The experts from the relevant departments held that the successful manufacturing of the Yun 12-2 airplane will enable the technical level of our country's airplane manufacturing circles to improve greatly, to meet international standards, create conditions for helping Chinese-made airplanes find international markets, and reduce airplane imports. [Text] [Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 24 Dec 85 SK] /8918

TRIAL FLIGHT OF PRC PLANE--Beijing, 25 Dec (ZHONGGUO XINWEN SHE)--An official of China's Ministry of Aeronautics Industry said that the recent trial flight of another type of plane for special use, the "Petrel" plane, was successful. The "Petrel" plane has been developed and built by the Nanchang Plane Manufacturing Company. The plane's weights 1,172 kilograms and its maximum speed

in horizontal flight is nearly 300 kilometers per hour. It can fly at a minimum altitude of 1 meter. The "Petrel" have three different models to serve different purposes. Model A is a multipurpose plane; Model B is for agricultural use and can carry 1,000 liters of pesticide; and Model C is for making observations, such as patrolling, testing, geological prospecting, putting out forest fires, and so on. [Text] [Beijing ZHONGGUO XINWEN SHE in Chinese 1402 GMT 25 Dec 85 HK] /8918

GANSU RAILROAD TRANSPORT--Gansu's railroad transport developed rapidly during the Sixth 5-Year Plan, highlighted by the electrification of the Tianshui-Lanzhou railroad. The haulage power of the electric locomotives on this line is 3,250 tons, compared with 2,600 tons for the locomotives in previous use. Freight transport on the Lanzhou Railroad Bureau during the period of the plan rose by an average of 2.81 million tons a year, while 66.4 million passengers were carried. [Summary] [Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 22 Dec 85 HK] /8918

PREPARATIONS FOR QINZHOU-BEIHAI RAILROAD--Nanning, 26 Dec (ZHONGGUO XINWEN SHE)--Guangxi is making preparations to build the Qinzhou-Beihai railway. An official of Beihai City has disclosed that the feasibility study for building this railway was completed by the Second Design Institute of the Ministry of Railways. The design for the railway has started and construction work is expected to start in September next year. Beihai City is one of the 14 coastal cities which China has opened to the outside world. Construction of basic facilities for the city's economic development zone, such as an airport, wharfs for 10,000-ton ships, and a microwave telecommunications system, is being carried out in an all-round manner and these facilities will be put into operation next year. After the construction of two deep-water wharfs is completed, it will be impossible to transport goods by trucks alone and the construction of the Qinzhou-Beihai railway will be indispensable. It is planned that the construction of the railway will require an investment of 175 million yuan and will be completed in 3 years. By 1988, the entire line will be open for transportation. [Text] [Beijing ZHONGGUO XINWEN SHE in Chinese 0214 GMT 26 Dec 85 HK] /8918

HIGHWAY CONTAINERIZATION--China has rapidly containerized its highway transportation in recent years. From January to November this year, China's highway transportation departments handled 190,000 containers for foreign firms and 1.83 million containers for domestic units under contracts. [Excerpts] [Beijing Domestic Service in Mandarin 1200 GMT 21 Dec 85 OW] /8918

KUNMING RAILROAD BUREAU ABOLISHED--In order to make railroad transport more efficient, with the approval of the State Council, the Ministry of Railways decided on 3 December that the Kunming Railroad Bureau is to be abolished and amalgamated with Chengdu Railroad Bureau on 1 January. The trade union and CYL Committee of the Kunming Railroad Bureau will also be abolished. Kunming Railroad Subbureau is to be established after the bureau's abolition. [Text] [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 23 Dec 85 HK] /8918

INVIGORATING COMMUNICATIONS, TRANSPORT--At the provincial communications work conference, which ended today, provincial Vice Governor Guo Zhenqian pointed out that from 1986 on, the province will open motor transport stations at and above the county level and wharves able to accept tonnage above 100,000 to serve various types of transportations undertakings and promote the modernization of communications and transportation and the rational development of various means of transportation. Guo Shenqian said that since the beginning of this year, the province has developed communications and transportation in a multitiered way and through various channels, resulting in an excellent situation of competition between units and main and branch lines reaching the same destination. Guo Zhenqian said that during the Seventh 5-Year Plan period, the province should concentrate on using funds to modify main highway lines between Huangshi, Wuhan, and Shashi cities and to link them. As for problems in general main lines and district-run and township-run highways, it is necessary to use such methods as raising funds from local masses and people running the highways with subsidies from the state to properly solve these problems. [Excerpts] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 18 Dec 85 HK] /8918

CSO: 4006/473

END

